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SOCIAL PROBLEMS
IN
LABOR RELATIONS



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SOCIAL PROBLEMS IN LABOR RELATIONS

A Case Book

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FOREWORD

The change of scale in business and industrial operations in this country during the last fifty years is a striking fact that has been generally observed, but some of its social, as distinguished from its economic, implications have not received the attention that they deserve. During this relatively short period, many business enterprises have passed from the scale of the owner-manager, directing 100 or 200 workers and selling to a small number of customers, to corporations that number their owners (stockholders) by tens of thousands, their managers by hundreds, their workers by tens of thousands, and their customers (who are for practical purposes unknown to them) by hundreds of thousands. In its early stages this change of scale, which was often achieved by combining several competing firms, caused widespread alarm and produced antitrust or antimonopoly legislation designed to prevent the abuses that were predicted. In the first decades of this century, for example, President Theodore Roosevelt embarked upon his famous "trust-busting" campaign, in response to an insistent popular demand. But looking back at it thirty years later, the results were certainly disappointing, and one is tempted to suggest that the statesmen and lawmakers of that period failed to make a correct diagnosis of what they assumed to be an industrial disease.

The observed symptom was a keen desire among competing firms to combine in order to eliminate (or at least to mitigate) the barbarities of free competition as practiced during the years of depression from 1893 to 1898. During the early years of recovery from this depression, combinations (in the form of trusts or by direct consolidation) swept the country like an epidemic. But, as we now know, most of these combinations contained in themselves the seeds of their own destruction and would have died an early death even if Mr. Roosevelt and his antitrust campaign had never been heard of; while the growth of those that were not congenitally diseased was practically unaffected by the antitrust law or by the sound and fury of the trust-busting campaign. This

interesting fact prompts the suggestion that the sudden appearance and rapid growth of these great organizations was not a disease at all but a response to a natural law, namely, that the size of the unit of production, or distribution, is a function of the market that it serves. Big markets automatically produce big units. Mass production and mass distribution have developed in the United States more rapidly than elsewhere, not on account of the genius, or the greed, of our business leaders but because with the development of modern transportation this country offered the largest free market in the world. In other words, the tendency toward integration into large units, which has been so marked in some industries, is merely an adaptation to environment. These large units are not bad in themselves; they are, in fact, necessary to sustain our present standard of living.

On the technical side, these large-scale operations have been developed with great skill. Inventive genius of a high order has been enlisted in their service, so that many of them are today marvels of mechanical and organizing genius. But, while we have been focusing our attention on the mechanical and technical aspects of industry, we have all but forgotten that industry is carried on by men and women and that "a business organization is a system of cooperative effort." (I have stolen this phrase from the owner of one of the best brains I know.) Now the change of scale that has taken place completely changes the conditions under which these men and women work, and I suggest that our failure to grasp this obvious fact and to act upon our knowledge is the cause of many of our present troubles.

We have been fussing and fuming about the economic aspects of this gigantic change of scale, and we still are. But today the most serious aspect of this change is not its economic but its social implications. These have been disregarded to an extraordinary degree by statesmen, labor leaders, businessmen, and teachers alike. Although the sole function of business is to serve society, we have gone blindly forward for half a century under the pressure of economic forces without giving adequate consideration to the effect on our society of the new economic structures that we were engaged in building.

Let us look at this aspect of large-scale industry for a moment. One good look will be enough to disturb the most callous. Take, for example, a producing and marketing industry employing, say,

50,000 men and women at eight or ten different locations. Such a business will require \$50,000,000 or \$100,000,000 of capital, provided by perhaps 25,000 stock- and bondholders. Its management organization, taken as a whole, will be comprised of 500 to 1,000 individuals. It will have tens of thousands of customers scattered all over the world (but mostly in this country) to whom it may make several millions of separate sales a year.

Now just contrast the position of a high executive in this firm with the owner-manager of a textile mill or a machine shop employing 100 or 200 people forty years ago. The difference is staggering. In place of the firsthand knowledge of markets, customers, and workers of the owner-manager, the high executive of such a large concern must substitute abstractions, for it is impossible for the human mind to deal with such multitudes of isolated facts. They must be simplified, arranged in some order or pattern, and reduced to abstractions by experts. The high executive must abandon the world of reality because of its multiplicity and retire to the world of abstractions because of its simplicity.

This technique of management has not been arrived at by theorists but has been learned in the hard school of experience. We are all familiar with the fate of businessmen who during the period of change from small- to large-scale operations tried to stick to the methods with which they were familiar and "attend to the details of the business themselves." Those who refused to delegate the *details* of the business to specialists who could reduce them to abstractions were ruined. We seem to have demonstrated pretty clearly that a businessman who is unable or unwilling to live in a world of abstractions is unfit to manage large-scale business operations.

It is impossible within the scope of this preface to discuss the world of abstractions in which the high executive must live. But we can name a few of the abstractions:

1. The balance sheet: a pure abstraction, useful for summarizing certain information. But if you are naïve enough to suppose that the total of the assets as shown on the balance sheet represents the value of the business after the liabilities are subtracted, you have another guess. The figures shown on the balance sheet give almost no clue to the value of the business at any particular time.
2. The earnings statement and profit and loss account: again a pure abstraction; for if you begin to ask questions about the

items you will soon find that most of them represent the judgment of some person or persons unknown—perhaps unknowable.

3. The inventory. In a concern of the size we are considering the total inventory may be valued at several million dollars and will consist of many millions of items in many different places. Could a high executive see that inventory? Certainly not, if he continued to be a high executive.

4. The pay roll: sheets of names and figures at several different plants. You can see the pay-roll sheets, but not the pay roll in the sense of \$25 or \$30 a week paid to Rufus Jones, a die caster, struggling to bring up five motherless children.

We could go on indefinitely, but it is unnecessary. In large-scale industry with its multitudes of concrete facts that have no meaning for the administrator until they have been arranged and simplified, it is almost impossible to deal with anything but abstractions. And yet these industries are operated by and for the benefit of individuals—unique human creatures who were formerly known and dealt with as such when the scale of operations was small.

The plain and ugly fact is that the change of scale in modern industry has put an almost insurmountable barrier between the higher executives and the workers. This is the situation that should disturb—I had almost said appall—us; and the gulf between management and the customers is of the same order. It is not, I think, too much to say that, if large-scale business cannot within a relatively short time find some way to remedy this situation, we may expect our society to conclude that, in spite of its economic advantages, large-scale business has such social defects that it is of doubtful value.

The situation is serious and even alarming, but not necessarily disastrous. It will become disastrous only if the men who manage large-scale enterprises are either unwilling or unable to solve the complicated social problems that they themselves have created. Today that assumption is not warranted. Solving problems is what business executives are for. They have shown genius of a high order in solving mechanical, engineering, and organization problems. Whether they can deal with social problems remains to be seen. But that they must solve them there can be no doubt, for today the high executive is in the position of "a pilot flying blind," and the instruments by which he guides his course are the abstractions of which a few have been

suggested. But frankly they are not adequate, for they cannot be applied to the human relations that are the essence of all our activities.

Unless the managers of large-scale business can produce social inventions on a scale comparable with that on which they have produced mechanical inventions, the increasing instability long observable in our economic structure will end in collapse. The focus of our industrial technique has been much too narrow, because factors that are vital to success have been excluded. Something must be done, and done promptly, if our present social and economic structure is to survive; and in my judgment this work must be done by businessmen. But it is encouraging to note that they need not start on this adventure empty-handed. We know, for example, that these large-scale enterprises, which are best described as "societies with an economic aim," are balanced structures, like all other creations in our world, and that their equilibrium has been disturbed because we have focused too much attention on *the economic aim* and too little on *the society*. The life of the society and the success of the business (its economic aim) must stand or fall together, for it is obvious that if the business does not pay the society will disintegrate, and if the life of the society is not vigorous "the cooperative effort" on which business success depends cannot be obtained. It is by over-emphasis on the economic aim and inattention to the social structure and the social aims of the group that our present condition of disequilibrium has been produced.

In case any skeptic should be disposed to question whether an industrial enterprise such as we have indicated is in fact "a society," he has only to come down out of his world of abstractions and look at facts. The work of these enterprises is done by men and women who spend a major fraction of their lives in personal contacts that are as close as those of most family units. Unless it be assumed that these men and women cease to be human beings during their working hours, fairly intimate social relations must result from these daily contacts. Of course, we shall have to admit that during the period of rapid development of modern large-scale industry the technicians have all too often treated men and women as if they were pieces of machinery or pieces of furniture. But that does not make them so, and no one who will take the trouble to study in detail "the social structure" of any particular business unit can doubt that he is observing the life of a social organism.

So far we are walking on firm ground—the ground of observed fact—but we cannot proceed much farther without more study. The change of scale to which we have referred has made most of our sociological theory inapplicable and, in fact, useless. The major problem that confronts the businessman today is the gathering of the facts about the human relations in modern industry that are needed to form the basis of a new social theory which will take form in new social inventions. This is an immense task, but here again he does not start empty-handed. Scientists have been at work for generations developing methods of research which, with slight modifications, can be used in the study of these problems. Some studies have already been made, and there is a small but inspiring literature on this subject to which the reader is referred. What the high executive needs in order to deal with the social problems is, first, recognition that the problems exist and that it is his business to solve them, and, second, the sort of expert advice based on careful observation which will enable him to settle his social problems without resort to abstractions. In many other departments of his business he does this now. The chemical composition of steel, for example, is an abstraction to the administrator; in fact, a formula. But if he wants to buy some steel ingots, he does not have to deal with abstractions. He can call in his expert who can, if he chooses, look into the very heart of an ingot and tell him what he sees there.

In the same way, industrial relations departments and personnel departments can be so organized that they bring the high executive into as close relation with the men and women who work for and with him as was the owner-manager fifty years ago. Many firms have personnel departments, or industrial relations departments, and some have both. But it is rare that these departments are taken seriously enough by the higher officers of the company, and therefore they are rarely staffed with adequately trained men. What is even rarer is a personnel department with an adequate supply of observed facts regarding the social problems within the firm, on which to base the sort of advice demanded by a high executive who is seeking for light.

The fact is that we need a great amount of patient and thorough social research in the interior of our large firms. A beginning has been made but the search still has far to go.

This book provides some vivid examples of the sort of problems that need study, and to me the most interesting thing about the book is that, after months of careful and expert investigation, Dr. Pigors and his collaborators have arrived only at the threshold of the problem. Each question raised by the cases in this book is only the point of beginning for a new inquiry. The work which the authors have done, and which this book contains, is work for which few men are qualified, and it is hoped and expected that they will go on. It is also devoutly to be hoped that many others will follow their example.

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HARVARD UNIVERSITY,
SOLDIERS FIELD, BOSTON, MASSACHUSETTS,
December, 1938.

CONTENTS

	PAGE
FOREWORD BY PHILIP CABOT.	V
LIST OF CHARTS	xix
LIST OF TABLES	xxiii
INTRODUCTION	I

SECTION I

SELECTION OF WORKERS.	17
-------------------------------	----

A. Hiring

General Statement of Practice at the New Process Rubber Company, Inc..	17
Case 1. Sample Letters from Applicants for Employment (These letters must be evaluated and answered by the employment manager.)	23
Case 2. Julia Stanizzi (An employee brought pressure to bear on her foreman, who disregarded modern employment procedure and attempted to supersede the employment manager.)	27
Case 3. James J. Robinson. (Different forms of "political" influence were used to persuade the employment manager to hire this man.)	31
Case 4. George McCue. (An illustration of direct political pressure.)	33
Case 5. Case of Attendants. (A supervisor exerted pressure to hire an increasing number of college men on factory jobs.)	37
Case 6. Afternoon Shift Versus New Equipment. (A supervisor urged the advisability of an afternoon shift, which would have meant hiring women, mostly married.)	41
Case 7. Andrew Beauchamp (An old employee of the company urged the employment manager to hire his son in preference to others who were better qualified.)	45

B. Rehiring

General Statement of Practice at the New Process Rubber Company, Inc..	49
--	----

	PAGE
Case 8. Giuseppe Di Giacomandrea	51
(A social agency urged the employment manager to rehire a person on relief. Difficulties with a union representative ensue.)	
Case 9. The Beecher Case	55
(Pressure was brought to bear by the union to rehire one of its members.)	

SECTION II

TRANSFERS	57
Statement of Practice at the New Process Rubber Company, Inc.	57
Case 10. The Case of Viola Burns.	61
(A transfer of promotion.)	
Case 11. The Case of David Walsh, Jr.	65
(A transfer of demotion.)	
Case 12. The Thompson Case.	69
(A remedial transfer that was initiated by the departmental supervisor. The departmental difficulties were of a more basic nature than the obvious personal maladjustment of the employee, and his transfer failed to solve the problem.)	
Case 13. George Henderson.	73
(A remedial transfer that was initiated by the employment manager. The transfer was successful but raised a production difficulty.)	
Case 14. Stitching Department Transfers: An Experiment in Employment Stabilization.	77
(Production transfers that illustrate the many problems raised by the New Process Rubber Company's experiment in employment stabilization.)	
Case 15. The Rinehard-Coughlin Case.	89
(Transfers into a department following an increase of departmental activity. Transfers in.)	
Case 16. The Kelly-Flanagan Case	93
(Production transfers following a decrease of departmental activity. Transfers out.)	

SECTION III

EMPLOYEE RATING AND LAYOFF PROCEDURE.	99
Case 17. Tentative Procedure of Employee Evaluation at the New Process Rubber Company, Inc.	99
Case 18. The Case of Service Shoe Elaine	109
(Difficulty of safeguarding the employment of a specially qualified employee.)	
Case 19. The Baxter Case	113
(Mr. Baxter's layoff brought to light a curious social complication. Baxter's foreman was his tenant.)	

CONTENTS

XV

PAGE

Case 20. The Case of Pierre Renault.	117
--	-----

(Mr. Renault was laid off. He was given a hearing before the supervisor of industrial relations. Statements made at the hearing hinted at social complications. The foreman reconsidered the case and decided to give Renault a second chance.)

SECTION IV

DISCHARGE	121
---------------------	-----

Case 21. Changing Trends in Foremen's Attitude toward Discharge at the New Process Rubber Company, Inc., and at the National Manufacturing Company, Inc., Plant No. 10 . . .	121
--	-----

Case 22. Alfredo Bonaccio	125
-------------------------------------	-----

(Illustration of a supervisor's reluctance to discharge an employee even "for cause." New Process Rubber Company, Inc.)

Case 23. The Kuczinsky Case.	129
--------------------------------------	-----

(Case of a nonunion employee who had been discharged for fighting and who petitioned for reinstatement.)

SECTION V

EMPLOYEE TRAINING	133
-----------------------------	-----

Case 24. Statement of Practice at the New Process Rubber Company, Inc.	133
--	-----

A. Training New Workers.

1. The Apprentice System	133
------------------------------------	-----

2. The Vestibule School	134
-----------------------------------	-----

3. Teaching on the job by staff members.	136
--	-----

B. Training Potential Supervisors	138
---	-----

C. Foremen Training.

1. General Inspirational Courses.	146
---	-----

2. Lecture Courses on Specific Subjects.	146
--	-----

3. Development of Mixed Discussion Groups	148
---	-----

SECTION VI

LENGTH OF SERVICE.	151
----------------------------	-----

General Statement of Practice	151
---	-----

Case 25. Method of Computing Length of Service of Factory Employees at the New Process Rubber Company, Inc. . . .	153
---	-----

Case 26. Marie Kusacz.	157
--------------------------------	-----

(Relation between sickness absence and length of service. Other aspects.)

SECTION VII

WAGE ADMINISTRATION	163
-------------------------------	-----

Case 27. Wage Rates of Electricians in the Maintenance Department of the National Manufacturing Company, Inc. . .	163
---	-----

Case 28. Salary Allowance during Absence	171
--	-----

(Policy at the New Process Rubber Company, Inc.)

	PAGE
Case 29. The Wilson Case	183
(Employees' demand for a wage increase covered dissatisfaction with alleged unfairness in rating.)	
Case 30. The Group-Leader Plan	187
(Description of a change in the method of payment and consequent changes in organization.)	
SECTION VIII	
WAGE ATTACHMENTS AND LOANS TO EMPLOYEES	191
Case 31. Wage Attachments at the National Manufacturing Company, Inc..	191
Case 32. Loans to Employees at the New Process Rubber Company, Inc..	195
SECTION IX	
HIDDEN PENSIONS.	205
Case 33. The Six Little Jackmen	205
(Conflict between unemployment insurance and informal company policy of taking care of superannuated employees.)	
SECTION X	
INDUSTRIAL SAFETY.	211
Case 34. The Positive Safety Guard.	211
(Socially conditioned attitudes on the part of union labor interfered with the installation of a foolproof safety device.)	
SECTION XI	
WORKING CONDITIONS.	221
Case 35. The Fan Case.	221
(Tension between workers and supervisors brought to a head by the inadequate interrelation of departments.)	
SECTION XII	
SUGGESTIONS FROM EMPLOYEES	227
Case 36. The Suggestion Plan at the National Manufacturing Company, Inc..	227
SECTION XIII	
VACATIONS.	235
Case 37. The Veterans' Association	235
(Interference between social organization and company vacation policy.)	
SECTION XIV	
COMPENSATION FOR ACCIDENTS.	237
Case 38. Case of Anton Palaček	237
(Company's attempt to rehabilitate an employee who had lost four fingers.)	

CONTENTS

xvii

PAGE

Case 39. Case of George Monnier	241
(Social complications in a "lame-back" case.)	

SECTION XV

UNION-MANAGEMENT COOPERATION AT THE NATIONAL MANUFACTURING COMPANY, INC.	253
Case 40. The Campaign against Waste and Defective Workmanship at the National Manufacturing Company	253
(An experiment in union-management cooperation.)	
Case 41. The Stevenson Case.	269
(Union-management cooperation in bringing back work that had been sent outside.)	

SECTION XVI

PERSONALITY PROBLEMS.	277
Case 42. The Case of Aristide Coté	277
(Personal preoccupations of a toolmaker at the National Manufacturing Company, Inc., Plant No. 10.)	
Case 43. The Corelli Case	285
(Difficulties of a demoted group leader.)	
Case 44. Case of Deborah Larkin	289
(A transferred inspector with long service insisted that she should be placed on the first shift.)	
Case 45. Mitchell Case.	293
(Unexplained difficulties in the engineering model shop.)	
Case 46. The Bowditch Case	299
(Conflict between a union representative and a transferred employee.)	

APPENDIX A. GENERAL DESCRIPTION OF THE NEW PROCESS RUBBER COMPANY, INC..	305
--	-----

APPENDIX B. GENERAL DESCRIPTION OF THE NATIONAL MANUFACTURING COMPANY, INC., PLANT NO. 10.	316
--	-----

INDEX.	323
----------------	-----

LIST OF CHARTS

CHART	PAGE
I. New Process Rubber Company, Inc. Production of summer and winter footwear (in terms of pairs of shoes), 1927-1929	79
II. Labor turnover comparison between the New Process Rubber Company, Inc., and the boot and shoe industry 1934-1936	85
III. Stitching department labor trend, 1934-1937. Employees hired and transferred in, New Process Rubber Company, Inc.	86
IV. Stitching department labor trend, 1934-1937. Employees laid off and transferred out, New Process Rubber Company, Inc.	87
V. New Process Rubber Company, Inc. Discharges: 1918-1937, factory employees for all causes.	121
VI. New Process Rubber Company, Inc. Discharges: 1918-1937, male factory employees. Reasons for discharge.	122
VII. New Process Rubber Company, Inc. Discharges: 1918-1937, female factory employees. Reasons for discharge.	123
VIII. National Manufacturing Company, Inc. Discharges: 1927-1929; 1936-1937, factory employees.	124
IX. A shoe-making unit during the vestibule school era . .	134
X. Classification of electricians in the maintenance department, National Manufacturing Company, Inc.	168
XI. Classification of electricians in the maintenance department, National Manufacturing Company, Inc., according to a strict interpretation of labor grade.	168
XII. Wage rates of electricians in the maintenance department, National Manufacturing Company, Inc.	169
XIII. Sickness Absence Record Card. New Process Rubber Company, Inc.	174

CHART	PAGE
XIV. New Process Rubber Company, Inc., sickness absences for 1936, clerical payroll	182
XV. National Manufacturing Company, Inc., wage attachments, actual and threatened; August, 1936, to July, 1937.	194
XVI. Organization chart of the National Manufacturing Company, Inc., Plant No. 10.	254
XVII. Local Plant's 45 charge by months, expressed in dollars	265
XVIII. Divisional monthly averages of local plant's 45 charge expressed in dollars	265
XIX. Local plant's 45 charge in per cent of productive labor cleared in cost	266
XX. Divisional cumulative percentages of plant's 45 charge, in per cent of productive labor cleared in cost.	266
XXI. Organization chart, New Process Rubber Company, Inc.	307
XXII. Organization of the industrial relations department at the New Process Rubber Company, Inc.	310
XXIII. Age distribution of male and female employees of the New Process Rubber Company, Inc., January 1, 1937	313
XXIV. Age distribution of male and female employees of the New Process Rubber Company, Inc., January 1, 1938	314
XXV. New Process Rubber Company, Inc., marital distribution of employees, 1927-1931; 1934-1937.	314
XXVI. New Process Rubber Company, Inc., distribution of employees according to length of service, 1935-1937	315
XXVII. Residential distribution of employees of the New Process Rubber Company, Inc., 1933-1937.	315
XXVIII. Plant organization of the National Manufacturing Company, Inc., Plant No. 10.	317
XXIX. Employment activity at the National Manufacturing Company, Inc., Plant No. 10.	318
XXX. National Manufacturing Company, Inc., Plant No. 10; distribution of all factory employees (male and female) according to differences in skill. Population data, June, 1937. Total number of employees, 5,123.	320

LIST OF CHARTS

xxi

CHART

PAGE

- XXXI. National Manufacturing Company, Inc., Plant No. 10;
distribution of male factory employees according to
differences in skill. Population data, June, 1937.
Total number of employees (M), 4,038. 321
- XXXII. National Manufacturing Company, Inc., Plant No. 10;
distribution of female factory employees according to
differences in skill. Population data, June, 1937.
Total number of employees (F) 1,085 321
- XXXIII. Organization of the industrial relations department of
the National Manufacturing Company, Inc., Plant
No. 10. 322

LIST OF TABLES

TABLE	PAGE
I. New Process Rubber Company, Inc., ratio of applications for work and number of individuals hired, 1927-1931 . . .	19
II. Distribution of applicants who were given a final interview	21
III. Effect on service record if wage earner is laid off	152
IV. 1936 clerical payroll: length of service (0-10 years). . . .	177
V. 1936 clerical payroll: days lost through sickness absences by departments and length of service	178
VI. 1936 clerical payroll: hypothetical absence allowances with pay according to the proposed new system (0-10 years service)	178
VII. 1936 clerical payroll: employees by length of service (10 years and over).	179
VIII. 1936 clerical payroll: days lost through sickness absences by departments and length of service (10 years and over)	180
IX. 1936 clerical payroll: hypothetical days' absence allowance with pay according to the proposed new system (10 years and over)	182
X. Monthly statement of loans to employees (as of September 1, 1938).	203
XI. Analysis of reasons alleged for requiring a loan (accepted applications only).	204
XII. Suggestions, 1925-1935	231
XIII. Suggestions adopted and regular awards paid.	231
XIV. Employment procedures of thirty concerns.	309

SOCIAL PROBLEMS IN LABOR RELATIONS

INTRODUCTION

In 1933 Dr. Elton Mayo published his interesting study, "The Human Problems of an Industrial Civilization."¹ Since that time, he and his associates in the department of industrial research, Graduate School of Business Administration, Harvard University, have published various other studies calling attention to the importance of the social factor in industry and business.² All these publications take as a working hypothesis the proposition that might be summarized as follows: "A business or industrial firm is not only an organization for the promotion of economic aims but also a human organization, or society, in which the hopes and aspirations of individuals are trying to find expression."

The truth of this hypothesis can be demonstrated only by firsthand observation and, although the publications referred to above provide a considerable number of such observations, clearly, additional studies are needed before the hypothesis can be verified. In making the studies here reported, our objective was to accumulate additional material on management-worker relationships in large-scale enterprises. Such enterprises were

¹ The Macmillan Company, New York.

² Cf. Philip Cabot, "The New Industrial Era," *Harvard Business Review*, January, 1934; F. J. Roethlisberger and W. J. Dickson, "Management and the Worker. Technical vs. Social Organization in an Industrial Plant," Harvard University, Graduate School of Business Administration, *Business Research Studies*, 9, October, 1934; T. N. Whitehead, "The Scientific Study of the Industrial Worker," *Harvard Business Review*, July, 1934; Philip Cabot, "Government and Business," *The Journal of Accountancy*, December, 1935; T. N. Whitehead, "Social Relationships in the Factory: A Study of an Industrial Group," *The Human Factor*, November, 1935; L. J. Henderson and Elton Mayo, "The Effects of Social Environment," *The Journal of Industrial Hygiene and Toxicology*, September, 1936; F. J. Roethlisberger, "Understanding: A Prerequisite of Leadership," address before Professor Cabot's Business Executives' Group, February, 1936; F. J. Roethlisberger, "The Social Structure of Industry," address before Professor Cabot's Business Executives' Group, December, 1936; T. N. Whitehead, "Leadership in a Free Society," Harvard University Press, 1936; Paul Pigors, "Give Foremen a Chance," *Personnel Journal*, December, 1937; F. J. Roethlisberger, "Social Behavior in Industry," address before Professor Cabot's Business Executives' Group, February, 1938 (also printed in *Harvard Business Review*, July, 1938).

selected because it is in operations on this scale that the contrast (and often the conflict) between the technical and social organizations in a firm are most apparent.¹ In small businesses there is still much opportunity for face-to-face contact, and the owner-manager is frequently the accepted leader, not only of the firm but also of the community where the business is carried on. In large firms, however, the gulf between management and the workers is inevitably so great that there is practically no opportunity for personal contact between the higher executives and the men and women "at the bench."

It should be observed at the outset that the studies here undertaken were of a wholly different character from the "business cases" that are in common use. Such cases are merely records of observed facts that the student can obtain from the business executive. But our problem was different. We were searching for facts and social relationships that had not been observed, or even formulated, so that no one could answer the questions that we did not know how to ask. Under these circumstances, it was obviously difficult to find firms where the higher executives were so intelligent and so sympathetic with our objective as to make possible the type of research on which we were engaged. We had no difficulty, of course, in obtaining formal introductions to company officials and, through them, to all the members of the technical organization down to the work level. The officials were always willing to show us through the plant and explain to us the technical organization and the plant layout. But this was not enough. In addition to the information that we could obtain in this way, we needed to establish relations with the workers themselves, and we also needed to know how the organization that we had been looking at worked in actual practice. The guide-visitor relationship gave us a picture of things as they were supposed to be but not necessarily as they were. Our guide could rarely do more than give us what amounted to a blueprint description of the plant and its organization and a formal statement of the policies regarding labor relations as understood by management. But these last, also, were rather the formal plans for action than deductions from actual experience showing what in fact went on. Often the description of intricate

¹ See F. J. Roethlisberger, "The Social Structure of Industry," p. 12, for a more detailed description of this point.

systems of job classification, employee evaluation, or employee training proved to be little more than a statement of what the company would like to put into practice rather than descriptions of the actual everyday life of the workers in the plant.

We were often asked for our impressions, and our hosts were always willing to answer questions, but, unless these questions were limited to technical and economic problems, the talk tended to drift off into vague generalities. Everything went smoothly as long as we followed "the beaten paths" of established techniques, but as soon as we strayed from these paths and showed curiosity about detailed human relations, we found we were asking questions that could not be answered. After some experiences of this kind, it became obvious to us that arm's-length contacts of this sort would not answer, because more intimate relations to the worker than were possible for a mere visitor must be established.

Two things were desirable for, if not essential to, the establishment of such a relationship: first, the observer needed sufficient freedom of movement to enable him to get a picture of the operation of the plant as a whole; and, second, he should be in a position to establish personal contacts *at the work level*. To gain the first objective it was necessary to be on friendly terms with one or more of the high executives of the firm. The reason for this is obvious, for if the president of the company, or the works manager, was sympathetic it was quite easy to secure the cooperation of all subordinate officials. Once top management had given the observer "the freedom of the plant," so to speak, it was possible to attain our second objective and to begin to establish close personal relationships with foremen and workers. In the two firms where the studies here reported were made, these objectives were gradually attained.

The casual reader might suppose that firms where this could be accomplished are as common as blueberries in August. But they are not. In fact, these two firms are probably quite exceptional, and we are keenly appreciative of the opportunities they offered us.

In the National Manufacturing Company it seemed wisest to use the office of the industrial relations manager as our center of operations, because our previous visits had shown that this official acted as a coordinator of management practices and, in

one way or another, succeeded in relating himself to every level of supervision, to every branch of the organization, and, directly or indirectly, to nearly every worker in the plant. He also represented management in its dealings with the labor union and had almost daily contact with union officials.

The focus of our research was management-worker relationships, not as they were assumed to be in the technical organization, but as they were in actual fact. In other words, our interest was not so much in what management expected the technical organization to accomplish, or in the theoretical procedures by which the industrial relations manager hoped to achieve certain ends, but in observing the day-to-day relationships of management and workers in operation and the way in which problems were dealt with as they arose.

The observer stayed in the plant for a week or 10 days at a time, fitting himself into the organization in such a way that he could participate in routine activities and follow the course of problems through the plant. By assisting the industrial relations manager in some of his work, the observer was able to establish pleasant relations with other members of the organization.

At the New Process Rubber Company we followed practically the same course, although the office of the employment manager was used as a center. Here, too, it was found possible to carry on our investigation without interrupting the work of the employment manager or adding to his burdens. In both companies, we were treated with the utmost courtesy.

Our observations were carried on over a period of about two years, during which the observer spent most of his time in these two firms, and the information obtained seems to verify the hypothesis stated above, namely, that there were two organizations—the technical and the social—whose points of view were often in sharp contrast, or even in conflict. By the technical organization, individual workers were envisaged as impersonal units to which abstractions like “budgets,” “cost curves,” “production schedules,” “standard time operations,” “base rates,” and “man-hours” were properly applied. Our personal contact with the workers, however, soon showed that these abstractions were very remote from their everyday experience and, as a result, the employees not only failed to understand them but frequently resented them as a form of legerdemain with

which management sought to obscure essentially simple relationships. To the worker, the plant is not only the place in which he earns his living but also the place where he spends an important part of his life. Consequently, to him the most vital problem is the development of a pleasant working relationship with other employees, with foremen, and with such staff officers as come into daily contact with him. In these relationships, sentiments, codes of conduct, and socially determined attitudes play an essential part.

The cases presented here give abundant evidence that the behavior of the worker is essentially nonlogical, and that it is not affected so much by the logic of operating systems as by feelings and social codes. For example, the meaning of such concepts as "fair," "discrimination," "similar work," "versatility," "normal output," "quality of work," "conduct," "cooperation," "skill," "reasonable," "monotonous," etc., is for the worker emotionally conditioned and not subject to objective verification. These sentiments and social codes complicate the management-worker relationships and often make them very different in fact from their appearance on a logical and technically correct organization chart. Our observations showed the existence of frequent conflicts between the logic of efficiency and the sentiments of the workers. In developing policies and systems for the guidance and control of labor relations, it appeared to us that management was too ready to assume that workers were primarily governed by logic and economic self-interest. It also seemed that statements of policy coming from executive officials tended to overstress the administrative and technical aspects of a decision and to overlook its social implications, *i.e.*, its real meaning to the worker. As a result, not only the workers but also the foremen often failed to understand what management was trying to accomplish. Later, when the sentiments, emotions, and anxieties of the workers had been aroused and had produced consequences that threatened to defeat the objective at which the management aimed, the foremen, who were in direct contact with the workers, were confused and did not know which way to turn.

As an illustration of this kind of conflict, the reader is referred to the New Process Rubber Company's experiment with employment stabilization. In this case, management desired to reduce a high labor turnover and give the workers more continuous

employment, and, clearly, the logical way to do this was to train workers to be more versatile and then transfer them from one job, or department, to another. Management made the logical assumption that employees would gladly cooperate in this plan, but experience showed this assumption to be unfounded. A trial of the plan showed that skilled stitchers valued *the prestige of their jobs* more than job security and vigorously resisted retraining. Their attitude was well expressed by an operator who said: "I'm a stitcher and I'm going to stay a stitcher, even if I get laid off."¹

At the National Manufacturing Company, also, there was much evidence of the conflict between the logic of efficiency and the nonlogic of socially conditioned attitudes and sentiments. For example, employees in the punch-press department were constantly exposed to a serious accident hazard that might involve the loss of several fingers or an entire hand. There were frequent casualties that not only entailed personal mutilation but upset the morale of the whole department. In its efforts to find a remedy for this serious condition, management quite naturally assumed that the employees would welcome the installation of any device that would once and for all eliminate this particular hazard. But the device, when found, required the employee to strap himself into a harness, which was attached to the machine, and this so outraged the sentiments of the workers that their union representative stated that no worker could be expected to submit to "the intolerable condition of being chained to his job," and insisted that the device be removed.² This is a striking example of the conflict of logic with sentiment.

Examples such as these indicate that management cannot act intelligently unless it has an intimate understanding of the feelings and sentiments that control the attitudes and behavior of individual workers. Management has been extremely successful in developing a formal line of communication that facilitates the transmission of orders and technical information from the top to the bottom, but it now appears that this line of communication should be a "two-way street." There is great need for the development of new techniques that will promote mutual understanding and provide top management with pertinent social information *coming up from the work level*. It would seem that unless informa-

¹ Case 14, Stitching Department Transfers: An Experiment in Employment Stabilization, pp. 77-88.

² See Case 34, The Positive Safety Guard, pp. 211-219.

tion moves freely in both directions the success of the enterprise may be seriously jeopardized.

Another observation regarding large-scale management is its tendency to oversimplify problems connected with human relations. When personnel difficulties arise, management wants to be presented with a neatly formulated problem that it can solve promptly in logical terms and to which it can apply an immediate remedy. No desire could be more natural or more impossible to satisfy. In real life, social problems do not exist in neatly packaged form. It is impossible to separate a social situation from the surrounding circumstances, or environment, in which it is embedded. Instead of a simple issue that could be formulated, we almost invariably found ourselves confronted with a tangle of problems, so that our first task was to sort out the component elements in order to formulate an issue on which to begin our inquiry. In many cases, the obvious "sore spot," or complaint, was not the real heart of the problem at all but a peripheral, or relatively secondary, problem. Also we found that each situation contained so many interdependent variables that it was rarely possible to foresee the ultimate effect of any particular decision or action. The following description of the efforts of the New Process Rubber Company to train foremen will serve to illustrate this point and also to show that the problems of human relations that confront modern large-scale management are not confined to the bench level.

The upper stratification of the management organization of this firm consisted of various department heads who had been given a high degree of administrative authority within their own departments. This arrangement, however, tended to produce departmental isolation and conflicting practices with regard to employment; an obvious weakness that had to be remedied, because it was necessary for the plant to have fairly uniform employment practices. The method used to solve this problem was to make general rules and regulations governing employment in all departments and to establish an employment department to coordinate employment practices. In time this coordination was successfully achieved, but in the process a new difficulty arose. The foremen soon came to look upon these general rules and regulations as relieving them of responsibility in regard to employment. They subordinated themselves to what they took

to be established employment routines and tended to shift to the employment manager responsibility for all disagreeable decisions regarding labor relations. Management was thus faced with the new problem of how to prevent this shifting of responsibility from the shoulders on which it belonged. The method adopted was to formulate company policies, which were designed to focus the foremen's attention on ends rather than means, so that within the broad framework of company policy he must solve his own problems. But in the minds of the foremen this merely led to a confusion between rules and policies and made some foremen even more dependent on the employment manager than before. Many foremen continued to accept statements issued by management as "rules." To them, policies were only rules so vaguely stated as to lead to conflicting interpretations, and, in order to keep out of trouble, they continued to shift responsibility for employment decisions to the employment manager.

Here was a new difficulty, and to overcome it management decided to try to develop a better understanding of company policies. The method chosen was through foremen's discussion groups. Under intelligent leadership, foremen soon began to understand what a policy was and how it originated. But complications again appeared. In discussing company policies the foremen made many critical suggestions and urged that they should be given an opportunity to participate in formulating policies. If this were permitted it meant, of course, that the level of decision would be lowered and that there would be greater diffusion of responsibility. This was not the result that management had wished to attain, and the soundness of it was doubtful. We see in this chain of events that foremen had certainly regained their independence, but they asserted it with regard to plant rather than departmental problems. In employment matters, especially when the case was disagreeable, they continued to shift responsibility to the employment manager.¹

Our experience suggests that the chief difficulty in dealing with personnel problems on a logical or "scientific" basis is that this method assumes the possibility of stabilizing the other variables while one variable is being observed. But in dealing with human beings this is usually impossible. Our studies showed that

¹ See Section IV, Discharge, Case 22, Alfredo Bonaccio, pp. 125-127.

each separate problem was inextricably bound up with other problems and could not be isolated. Before the industrial relations manager or the employment manager was able to formulate—much less to solve—one problem, another stuck up its head. This hydra-headed aspect of social problems was very disconcerting, for the more energetically we attacked one problem the more problems we managed to raise. In working toward employment stabilization, for instance, such issues as proper classification of jobs, employment evaluation, wage rates, pay guarantees, and training problems all proved to be variables pertinent to the question in hand and difficult to stabilize. At certain stages, indeed, the original problem seemed to sink into the background, and our attention was focused on what had previously appeared to be a minor issue.

The foregoing illustrations strongly suggest that management needs to develop new techniques for understanding the structure of the “society” with which it has to deal and for understanding the individuals composing that “society,” in order to promote the degree of human collaboration essential to economic success. The systems and routines now in operation take their shape from the technical aspects of industrial operation, and even personnel managers whose function it is to facilitate cooperative effort and promote mutual understanding find it difficult to free themselves from the logic of efficiency.

Also our studies in these two firms, and the “cases” that embody them, indicate that the social and human problems of modern large-scale industry are not confined to the work level. They seem to permeate the organization from top to bottom. A brief description of the present technical organization in these firms, showing the development of the staff organization and the relation between the line and the staff, brings this out quite clearly.

In both firms, administrative authority was built up as a hierarchy of positions with definite allocation of departmental responsibilities to each department head, the entire system forming a pyramid that finally concentrated in a single or corporate individual all power to initiate or prohibit action. Thus the president, or the board, delegated authority to subordinate officials, such as works managers, division superintendents, general foremen, and foremen, to direct action in their respective fields. This method of control represents what is commonly known as a “line organiza-

tion," which in these firms was in charge of all so-called productive labor, *i.e.*, workers who manufactured the products for which the plants were built. This line organization was designed for the purpose of technical and economic control. New techniques were constantly being developed. Rapid progress had been made in perfecting technical skills, and this type of organization was admirably adapted to such a purpose and also to the control of costs.

But, as the companies grew in size and complexity, a line organization alone tended to become inefficient. There was lack of coordination between different departments, and major executives, as well as department heads, were unable to obtain the information on which the formulation of general business policies and their sound administration depended. Furthermore, top management found it practically impossible to keep in touch with conditions at the work level, a situation that promoted conflict instead of cooperation between management and the workers. To meet these difficulties, a combination of staff and line was devised.¹

Under this system, staff experts had no administrative authority over productive labor, or over any member of the line organization. They were specialists whose duty it was to act in an advisory capacity to company executives and other members of the line organization. The industrial relations manager, the employment manager, the development and safety engineers, experts in time and motion studies, and other staff officials had no authority to give orders outside their own staff departments. Strictly speaking, for example, the employment manager had no power to give orders or to direct action in any department of the plant outside his own, because this would inevitably lead to a division, and possible conflict, of authority. Orders concerning the number and quality of employees in any department had to be given by some member of the line organization, because otherwise the foreman could always blame his production or labor troubles on the inadequate number or poor quality of workmen furnished him by the employment manager (a staff officer). To avoid such confusion, each line foreman was to be held strictly responsible for the administration of his own department, or section. Subject to the approval of his immediate superior, he was charged with the

¹ See Case 40, The Campaign to Eliminate Waste and Defective Workmanship, pp. 253-268, as an illustration of conditions that led to the introduction of staff specialists at the National Manufacturing Company, Inc.

duty of deciding how many workers he needed and whether or not a candidate for employment was acceptable. The whole duty of the employment manager and members of his staff was to control the mechanism for handling applications for employment and to endeavor to satisfy the needs of each line foreman. If he thought he saw anything going wrong, he was expected to bring it to the attention of the line foreman who had the power to correct it. This principle applied to all other staff officers.

But this coordinate adviser-advisee relationship between staff and line officers was in fact subject to almost daily modification. The forces producing this result were partly inherent in the social characteristics of the individuals and were partly due to the complex nature of modern management problems.

In his dealings with line foremen, the staff official relied not only on his superior knowledge as a specialist but also on the informal, and almost subconscious, differences in social status associated with staff and line positions. We know from experience that staff officials are regarded as socially superior to line officials on a corresponding level of the management organization. All staff positions are rated as "white-collar jobs," while the minor line foremen continue to be associated with the shop. In spite of the fact that at the New Process Rubber Company most of the foremen (62 per cent) were college men, there remained this subtle distinction that stamped a position in the "main office" as superior to a position "in the shop." This distinction gave the employment manager and members of his staff a certain implicit superiority in his dealing with line foremen, an advantage that naturally was magnified in his relation with foremen who had no college training. At the National Manufacturing Company, where a majority of the foremen, including general foremen, had come up from the ranks, this subtle difference in social status was even more pronounced.

Another factor tending to produce social differentiation was that staff officers were more independent in their work. Their research activities could not be carried on at a specific time and place, and the consequent freedom from routine gave them greater prestige. In helping to work out new policies, staff men not only had greater scope for their imaginations but easier access to the high executives. The line foremen, on the other hand, were practically confined to factory departments and were limited by

production demands and budgetary controls. The work routines of all foremen tended to follow similar patterns, while staff work varied greatly, even in the same company. An energetic and capable staff man could create for himself an almost unique position.

Staff men also had greater educational advantages, because management urged them to attend conferences that dealt with their own specialties and in other ways provided contacts with staff members of other firms. In both plants included in this study, funds were available to finance such educational activities. The line foremen, on the other hand, had less opportunity to broaden their outlook. Although the companies did provide foremen's training and discussion groups, they were in practice limited to relatively narrow plant problems, and these courses were usually organized and directed by staff men.¹

The preceding illustrations indicate how subtly social forces tend to differentiate otherwise coordinate staff and line positions, and it became apparent to us during the course of our study that the increased prestige of staff positions might become either an asset or a liability to the firm. The social prestige attaching to staff positions compensated the men for their lack of administrative power in their dealings with line supervisors. This was a distinct asset. In his contact with foremen, a tactful staff official could count on this superior social status to facilitate his work and strengthen his position. But from another point of view this ascendancy might easily become a liability. There was always the danger that, instead of selling his services on a coordinated adviser-advisee basis, the staff man would dominate a weak line foreman, who then became dependent and in effect surrendered a large part of his authority, thus breaking down the distinction between line and staff.

This tendency of staff men to dominate the line supervisors was augmented by the foremen's desire to escape what might be called "the foreman's dilemma." This dilemma arose from the inherent conflict between the short-run point of view of immediate cost (which properly controls a line organization engaged in production) and the long-run point of view of staff departments, especially those of employment and industrial relations who are directly charged with the social and human problems of business.

¹ See Section V, Employee Training, Case 24, Foreman Training, pp. 146-150.

This conflict was, in a sense, inherent in this form of organization and placed the foreman in an equivocal position that was a constant threat to his prestige.

The following situation gives a typical illustration of the ambiguous position in which a foreman was often placed:

A punch press operator, working on a piece-rate basis, found that his machine needed to be repaired. The defect was not serious, but instead of being able to run off a large number of pieces without interruptions, he found that periodically the die had to be readjusted in order to turn out perfect work. This cut down his earnings, and he complained to the line man who, in turn, notified the foreman.

It so happened in that particular week that the foreman's machine maintenance account was "running into the red." For this reason he felt unable to make immediate repairs, and without further explanations he merely instructed the worker to be more careful. By exercising greater care, the worker could, in fact, make the old machine do, but only with a decrease of production. Instead of making 125 per cent of standard time, he only made 100 per cent. This was perfectly satisfactory to the foreman, whose duty it was to keep the machines 100 per cent efficient. But it was not satisfactory to the worker who was accustomed to earn 125 per cent.

At first the worker was a little more careful; then he tried to make up his lost production, which resulted in his turning out an excessive amount of scrap. This was an added cost that increased the foreman's defective-material account, and he relieved his annoyance by "bawling out" the worker. Several days later he fired him. The aggrieved worker brought his case to the industrial relations department. The supervisor of industrial relations investigated the case and found work for the man in another department. Then, budget or no budget, he advised the foreman to make such adjustments as to prevent this type of difficulty.

In this way the foreman was subjected to two lines of control that were difficult to harmonize and resulted in an apparent division of authority. On one hand, the foreman's efficiency was constantly checked in terms of line authority and budget control. On the other hand, management, interested in promoting satisfactory labor relations through such staff activities as industrial relations, employment management, and safety engineering, tested

the foreman's quality as a leader of men. Cost control was a daily routine, and, therefore, the foreman stressed this short-run and technical side of his work. Furthermore, experience showed that management itself, in its selection and training of foremen, was apt to be guided almost exclusively by technical considerations. When the foreman did look upon his departmental activities from the long-run point of view of industrial relations, he instantly came up against the limits of his weekly budget and production demands. As a result, foremen tended to evade human problems and to adopt all sorts of subterfuges in order to disclaim responsibility. When social problems were brought to their attention, they asserted that either the budget or some company policy had prevented them from taking action, or else they declined to interfere with what they defined as "personal" problems.¹ There were other means of dodging responsibility for satisfactory labor relations. Either the foreman "stalled" along, hoping that "things would straighten themselves out"; or else he took the stand that it was up to the industrial relations department to take care of all labor problems. As a result, there was a marked tendency for the industrial relations department to become a clearing house for labor relations problems. The supervisor of industrial relations, as well as the employment manager, and the safety engineer, instead of acting in a purely advisory capacity, indirectly exercised more and more administrative control. This tended to blur their natural function. Instead of furnishing information and aiding in the coordination and interpretation of management policy, they became more and more involved in the settlement of small daily grievances.

The difficulty of obtaining complete cooperation between line and staff departments is an old one and has been successfully solved in many ways. We call attention to it here because it appears in a slightly new form, and, if a solution is not found, obstacles in the road may impede or distort the growth of personnel, industrial relations, and employment departments—relatively new staff departments—on the successful development of

¹ See Case 46, The Bowditch Case, pp. 299-303, as a striking example of this attitude. Further illustrations of the foreman's reluctance to accept his responsibility as leader of his men may be found in the following cases: Case 22, Alfredo Bonaccio, pp. 125-127; Case 45, The Mitchell Case, pp. 293-297; Case 27, Wage Rates of Electricians in the Maintenance Department, pp. 163-169; Case 41, Stephenson Case, pp. 269-276; Case 12, Thomson Case, pp. 69-71; Case 15, Rinehard-Coughlin Case, pp. 89-91.

which so much depends. For these are the departments that must invent, and develop, new social techniques on which the future of large-scale industry hangs. The high executives of these firms have no more important function than to build up these departments in such a way that they will promote social understanding and harmonious action from top to bottom of the whole "society." Conflicts between these staff departments and the line organization can do incalculable damage.

It is a fundamental principle of leadership that authority goes to him who is willing and able to accept responsibility. Foremen, in neglecting the human side of their job, are in grave danger of losing their authority as leaders and finding themselves mere cogs in the technical organization of industry. Indications of this drift are their own expressions of discouragement: "We're nothing any more. If we don't get licked by the representative, we get hauled to the office and get licked there. What's the use? We might just as well sit down and say, 'Sure,' to everything they say." And again, "We get kicked around by everybody, the union representatives and by management. We're nothing but errand boys getting information and handing in reports. We're the goats of every new experiment."

The remedy lies in their own hands. They can regain their former status as key men among supervisors only by shouldering the responsibilities that are rightfully theirs. To do this, they must equip themselves to handle the human problems that are the most important part of their job. Personnel men can be of immense help to foremen in this. An important personnel function is to teach the foremen how to look for "social" information and how to interpret such data when found. The cases in this book are offered as samples of this kind of material. They are firsthand observations of routine activity on the part of men who are actually engaged in industry and who are therefore in the most favorable position to know what is happening at the work level.

Executives will find these cases inadequate if they look at them as statements of problems to which a ready solution can be found in terms of appropriate action. The chief use of these observations is that they define the area in which further research is urgently needed. To administrators eager for action, one effective course is open: the encouragement of personnel managers and foremen in the arduous task of self-education for social leadership.

SECTION I

SELECTION OF WORKERS

A. Hiring

GENERAL STATEMENT OF PRACTICE AT THE NEW PROCESS RUBBER COMPANY, INC.

From 1916 to 1927, the employment office of the New Process Rubber Company was open every working day of the week. Applicants usually came to the office in the morning. On entering they found themselves facing a wooden barrier that reached to the ceiling and separated them from the office force. Communication with clerks was held through a wicket like a small box-office window. While the crowd milled about in the outer room, junior clerks called out through the wicket whatever jobs were available and asked suitable candidates to come up for an appraisal interview. Employment procedure was extremely simple. Management relied on the daily presence of an ample but undifferentiated labor supply from which routine requisitions were filled. Hiring was largely a matter of record keeping.

In the fall of 1927, Mr. Randall was assigned to the employment department as interviewer. To facilitate contact with the applicants, he asked that the wooden partition be taken away. After some discussion a compromise was reached to the effect that the upper part of the barrier was removed while the counter remained. In 1928 the employment department was moved to another building, with Mr. Randall in charge of arranging the office layout. At that time, he succeeded in doing away with all barriers and providing ample seating facilities in the center of the employment office. Interviewers were given desk space at one side of the room while the employment manager and other supervisors in the industrial relations department worked in glass-partitioned offices at two other sides. Some supervisors viewed these arrangements with alarm: "Why, if these people are allowed in here, they'll swarm all over the place. Everything will be in a

mess. They'll be like a flock of sheep." None of these fears were realized.

The employment office was opened to applicants for two hours each morning, and every effort was made to discourage repeated applications. After he had been registered, the applicant was told that he would be notified if and when a suitable opening occurred. Meanwhile, he could use his time to greater advantage by looking for other openings. Applicants were interviewed in the order of their arrival.

The interview was made as simple and natural as circumstances permitted. Instead of remaining at his desk, while applicants filed past him and filled out printed application cards, the interviewer now made the initial contact by going to where the candidate was sitting. He put the interviewee at his ease and confined his questions to such routine data as: name, address, age, height, weight, education, and industrial experience. He jotted down the answers on a small blank pad. This method created an informal atmosphere and gave the interviewer a chance to "size up" the applicant during their conversation. Men and women were seated in separate sections and were interviewed by different men.

The largest group of applicants consisted of employees applying in person. This group was subdivided into former employees and new applicants. The latter were more numerous.

Another source of labor supply was the group of relatives and friends of present employees. At one time, extensive use was made of the so-called introduction-card system. When an employee learned of an opening in his department, he might speak to the foreman and recommend a friend. The foreman, then, would write out an introduction card to the employment manager with the following specifications: "I recommend that we hire N. N. preferably in department x ." The applicant would present this card to the employment manager and usually would be hired, since it was the custom to "honor such introduction cards." The reasons for this preference were as follows: management believed that a worker who was recommended by a present employee would be more reliable than a complete stranger. Being already acquainted, workers in any department would also form a more homogeneous group. It was expected, furthermore, that a man who had recommended his friend would take sufficient

interest in him to see that he was properly trained. The new worker, in turn, was likely to stay on the job because of feeling among friends.

This introduction-card system came to be exploited. Among insiders, introduction cards were the recognized method of getting a job. It became increasingly difficult for the employment manager to make proper selections. After 1929 this practice was greatly modified.¹ Introduction cards were given out only by the employment manager and merely served to facilitate contact between the interviewer and the applicant. For instance, when someone approached the employment manager in behalf of a friend, the employment manager would give him a card introducing the applicant to the interviewer and stating that the bearer wanted to talk about the possibility of finding a job. It was explicitly stated that the card was not a pass.

TABLE I
NEW PROCESS RUBBER COMPANY, RATIO OF APPLICATIONS FOR WORK
AND NUMBER OF INDIVIDUALS HIRED, 1927-1931

Source of supply	1927	1928	1929	1930	1931
Number of male applicants.....	19,143	18,051	15,969	21,940	10,240
Number of female applicants.....	4,376	4,838	4,084	8,487	5,435
Total number of applicants.....	23,519	22,889	20,053	30,427	15,675
Total number of applicants hired.....	5,251	4,013	4,117	1,935	1,580
Direct application (new employees).....	2,182	2,046	2,229	847	1,069
Direct application (former employees)...	1,499	1,248	1,537	905	442
Introduction cards.....	1,324	484	215	38	18
Public employment bureaus.....	221	227	124	133	49
Advertising.....	25	8	12	12	2

The employment manager had recourse to public employment bureaus only when the application file failed to provide suitable candidates. This happened sometimes in connection with special jobs that required technical school or apprenticeship training (clerks, mechanics, etc.).

In like manner, advertising was regarded as a last resort, when there was a severe labor shortage or when special skills were in demand. In the experience of the employment manager, advertisements usually brought quantity rather than quality.

¹ See Table I, page 19.

Other applications for work came through the mails. These were almost exclusively from applicants for office or technical positions and made up 2 to 3 per cent of the total applications. Letters were frequently in response to meetings between the employment manager and superintendents of local high and trade schools.

Every year the employment department of the New Process Rubber Company handled thousands of applications even though there were only relatively few vacancies. Table I shows that before the depression of 1929 about 25 per cent of all applicants were hired. During the depression this ratio dropped to 5 to 10 per cent.

In the experience of the employment manager, the following uniformities appeared year after year in the qualifications of applicants for work:

1. There were first *the obviously unfit*, who merely merited courteous treatment but were not seriously considered for employment. In this class were grouped applicants who appeared in an intoxicated condition or were dirty and unkempt or physically unfit.

2. The second group were *doubtful cases*. These were applicants who showed no obvious external signs for rejection, but a few minutes of conversation sufficed to convince the interviewer that he was dealing with people who were not qualified for employment. In some cases such an applicant was unable to speak the English language or showed an utter lack of comprehension of industrial requirements. This group also was eliminated.

3. The third group comprised desirable applicants who were given a more thorough interview. In the course of conversation, the interviewer classified the members of this group in one of four possible categories. The applicant was rated either as "O.K.1," which meant that he was considered desirable; "O.K.2," which signified that the applicant was acceptable; "O.K.3," which classified him as "just passable"; or "O.K.4," which told the initiated that the applicant need not be given further consideration. The notation "O.K." was used merely to avoid hurting the feelings of the rejected candidate, in case he should observe what the interviewer was jotting down, and did not mean that he was given unwarranted encouragement. Instead, he was told that there was no immediate opening for employment and that he should not neglect any other opportunity to secure work.

Accurate statistics were not available, but in the opinion of the employment manager as well as the interviewers, the following table gives a fair picture:

TABLE II
DISTRIBUTION OF APPLICANTS WHO WERE GIVEN A FINAL INTERVIEW

	Per Cent
O.K.1.....	1
O.K.2.....	15-20
O.K.3.....	60-65
O.K.4.....	14-24

Analyzing letters of application for employment was less time consuming than conducting personal interviews but was less satisfactory as a basis for judgment. Each week, about 20 of these letters came to the employment manager's desk. In many cases the letters showed the writer to be so obviously unsuitable that only a courteous acknowledgment was required. If the letter made a good impression, the writer was asked for an interview. Case 1 gives representative samples of letters from applicants for employment.

The data obtained by letters and interviews were classified for ready reference in each interviewer's application file, from which all requisitions for workers were filled. The files were kept as simple as possible. The notes that had been made during the interviews were classified in two ways: if an applicant had practical experience on a job his name was filed under his trade. Otherwise it was filed alphabetically. Each year a new file was made and the old one discarded. The interviewer relied chiefly on his memory and used the current file only as a guide.

With a well-kept application file, the selection of employees would have been comparatively simple if it had not been that the employment manager was constantly being subjected to pressure. This came from supervisors, union representatives, employees, politicians, and social agencies. Each of these keenly felt the urgency of a particular need and therefore stressed special reasons for sacrificing the general employment policies "in just this one case." It was a delicate task for the employment manager to balance general policy and any particular cause without sacrificing one or antagonizing the advocate of the other.

The following cases illustrate some typical employment problems:

A. Hiring

Case 1. Sample Letters from Applicants for Employment. These letters must be evaluated and answered by the employment manager.

Case 2. Julia Stanizzi. An employee brings pressure to bear on her foreman, who disregards modern employment procedure and attempts to supersede the employment manager.

Case 3. James J. Robinson. Different forms of "political" influence are used to persuade the employment manager to hire this man.

Case 4. George McCue. This gives an illustration of direct political pressure.

Case 5. Case of Attendants. A supervisor exerts pressure to hire an increasing number of college men on factory jobs.

Case 6. Afternoon Shift versus New Equipment. A supervisor urges the advisability of an afternoon shift, which would mean hiring women, mostly married.

Case 7. Andrew Beauchamp. An old employee of the company urges the employment manager to hire his son in preference to others who are more qualified.

B. Rehiring

Case 8. Giuseppe Di Giacomandrea. A social agency urges the employment manager to rehire a person on relief. Difficulties with a union representative ensue.

Case 9. The Beecher Case. Pressure is brought to bear by the union to rehire one of its members.

CASE 1. SAMPLE LETTERS FROM APPLICANTS FOR EMPLOYMENT

(These letters must be evaluated and answered by the employment manager.)

SAMPLE LETTER A

"Hiring & Firing Department"
New Process Rubber Company

GENTLEMEN:

This is to ask if you have any openings in either sales or production for a young man who is willing to work hard, and to make his own way.

This young man majored in English Literature while at Yale, figuring that since the rest of his life would probably be coffee, he might as well get the cream while the getting was good. He got pretty fair marks, nothing to write home about, but better than the average. He ran some Varsity cross-country, sang in the Glee Club, was an active member of the Dramatic Society, and contributed to the undergraduate magazines. He's a minister's son.

During the eight years that have passed since his graduation he has worked in (1) a tannery, (2) a bank, (3) a Department Store, and (4) a textile mill. The depression handled him pretty roughly, notwithstanding this he's bobbed up serenely. In his spare time he's studied law, but he feels that all the work he has done thus far have fitted him for a business career, rather than the professions.

Naturally he doesn't want to sell himself cheap. He's a better than average man, and he expects to get a fair rate of pay for his efforts, not only in money but in opportunity, working conditions, friendships, and unless he gets these things he will merely use you as a meal ticket until he gets another job. But if you have the job he's looking for he will give you two dollars worth of work for every dollar you pay him.

How about it, Mr. Hirer & Firer? Have you got a job for this man at your place? If you have, won't you please write to me? References etc. gladly furnished on demand. Certainly Hope you can place this young man, because he and I generally get hungry at about the same time.

Very sincerely yours,
DAVID BALFOUR

SAMPLE LETTER B

Mr. Gordon Randall, Employment Manager
New Process Rubber Company

DEAR MR. RANDALL:

Can your organization offer an opportunity to a young private secretary of poise, experience and business judgment, and capable of meeting social situations of modern business with foresight and tact? Since my graduation from Boston University, my years of private secretarial experience have shown me that I have the ability to meet the challenge of executive responsibilities commensurate with such duties. The secretarial position in which, I believe, I could serve at my highest efficiency is one which will require initiative, creative ability and social wisdom.

I am 24 years of age, in excellent health and considered to have a pleasing personality. I am told that my telephone and speaking voice is of better than average quality. My family background represents the average stratum of social and financial standing, with an atmosphere of culture. My religious affiliation is Protestant, and I am a member of the Eastern Star and Secretary of the Progressive Methodist Association.

I believe that I can meet the requirements of an executive in personal qualifications such as loyalty, reliability and business interest. Will you grant me the opportunity for a personal interview, at which time, I will be glad to answer all your questions and give you any further information you request about my qualifications? I will appreciate your reply.

Respectfully yours,
MARION HOLMAN

SAMPLE LETTER C

New Process Rubber Company

GENTLEMEN:

I am most anxious to call your attention to a young man thirty years of age, who after spending several years in the manufacturing and selling of rubber clothing, has definitely decided upon the Rubber Industry as his life work.

Having had college training, with enough inside and outside work to sort of file the rough edges off, he feels that he is now ready to be placed in a specific sphere of the Rubber Industry.

With proper training in your requirements, this man will make a life long asset to a reliable organization, as well as to himself.

It may be that you are looking for this type of material in your organization. If so, I would be more than pleased to forward you any, or all, desired information that would lead to a profitable life connection.

Remuneration is secondary at this time. I will be available in August.

Thanking you for this attention.

Very truly yours,
CLAUDE RAYMOND

SAMPLE LETTER D

Mr. D. S. Kennard, President
New Process Rubber Company

DEAR SIR:

The correct interpretation of production costs in relation to sales, labor and tax policies is daily becoming of more and more importance. This requires men who are fitted by training and inclination to apply the principles of economics and science to the study of these policies.

Would not a man:

who has received his S.B. degree in engineering from the Mass. Institute of Technology;

who has taken courses in accounting;

who has been engaged in industrial engineering, mainly working at time studies, cost analysis, and graphical analysis of operating statement;

who is at present employed as accountant by a firm of certified public accountants, and who has been connected with this company for over a year and a half;

would not such a man be of value in your organization?

If such be the case, I wish you would consider my application for a position in your cost or industrial engineering department.

I shall be pleased to send you further information or to arrange for a personal interview.

Respectfully yours,
KEITH PENDLETON

SAMPLE LETTER E

New Process Rubber Company

GENTLEMEN:

For that gap in your organization where a new man is needed, not a top-sergeant in the business army, nor a captain, but, —a first lieutenant.

One of your younger executives needs an assistant, someone capable of relieving him of much detail routine so that he can be free for greater accomplishment.

You have a particular job of work that must be done, a job that needs young men with keen minds and a more than superficial knowledge of business procedure.

You are looking over the "brain market" for a new material which you can introduce into your business with pleasure and profit.

There is a spot in your organization where a new man with a fresh viewpoint would have a tonic effect, like a glass of buttermilk on a hot day.

You wish to recruit, attract to your organization men of more than ordinary ability and capacity, men who are better than they look, who can accomplish what they set out to accomplish.

Your want is filled. I am that man.

Yours very truly,
THEODORE PRENDERGAST

SAMPLE LETTER F

Mr. Gordon Randall
Employment Manager
New Process Rubber Company

DEAR MR. RANDALL:

Mr. Stuart Robertson, Director of the Department of Education and Vocation, has just informed me that there is an opening for a man with chemical training in your company, and stated that the opening salary would be \$1,500.00 a year. Although I am employed at Boston University at the moment, I am interested in obtaining an industrial position. I am working now as a part-time instructor in chemistry at a salary of \$1,200.00 for ten months, and I accepted this temporary appointment with the reservation that I could be released if I should be offered a position in industry at a higher salary.

I have received my B.S. and M.S. degrees in Chemical Engineering at Boston University, the former in 1932 and the latter in 1934. During my graduate work, I took such courses as advanced organic chemistry, organic analysis, cellulose, and chemical microscopy. My investigative work was in organic and electrochemistry, the major part of it being in the latter on a problem of molybdenum deposition at a mercury cathode. Since 1934 I have been assisting and instructing in general, elementary and analytical, and physical chemistry at this university.

I am twenty-six years of age, single, and American citizen of English lineage. I have enclosed a recent photograph.

As to my character and ability, you may refer to any of the following professors at Boston University:

(List of Names.)

If my qualifications meet your requirements and you should desire a personal interview, I could make arrangements to meet you some Saturday morning at your convenience.

I shall be glad to send any further information which you may desire.

Yours very truly,
BURTON THOMPSON

CASE 2. JULIA STANIZZI

(An employee brought pressure to bear on her foreman, who disregarded modern employment procedure and attempted to supersede the employment manager.)

Characters:

MR. RANDALL, employment manager.

MISS STANIZZI, a young applicant for employment.

MR. SODERGREN, foreman, boot department.

EMPLOYMENT REQUISITION

Please employ for the _____ Boot _____ Dept

No. 1

Men

Boys

Women

Girls

For Position as _____ Assembler _____

Reason for increasing force _____ to release a spare _____

girl

To begin work _____ at once _____ 19 _____

Rate to start .35 When Experienced .50

With the following qualities:

Julia Stanizzi

To replace _____

Transferred to _____ Dept.

No longer employed _____

Promoted to _____

Increase Forces: Yes, No.

Permanent: Yes, No.

Send all applicants to

Signed _____ James Sodergren _____ Foreman

O.K. _____ Department Head

Date July 12 1937

Position filled by

One morning in July, 1937, a young girl stepped forward from the group of applicants in the employment office and handed a note to the employment manager. The girl sat down by the desk while the employment manager opened the envelope and found it to contain the employment requisition shown at the bottom of p. 27.

Attached to the requisition was a brief note:

RANDY:

Please hire bearer, Julia Stanizzi, for this job.
Thanks.

JIM

Julia Stanizzi was a stranger to Mr. Randall, and the following conversation ensued:

RANDALL: You have never applied here before, have you?

JULIA: No.

RANDALL: I presume you talked with Mr. Sodergren this morning?

JULIA: Yes.

RANDALL: How did you know that he had a job to fill?

JULIA: My sister took me in to see him.

RANDALL: Oh yes, I see. Your sister's name is Stella, isn't it?

JULIA: Yes.

RANDALL: How old are you?

JULIA: I'm seventeen.

RANDALL: What is your height and weight?

JULIA: I think I weigh about one hundred and ten, but I don't know how tall I am.

RANDALL: Do you mind standing up for a minute, Julia?. . . I'd say you're just about five feet tall.

JULIA: Yes, I guess that's right.

RANDALL: How far did you go in school?

JULIA: I left school in the eighth grade.

RANDALL: How long ago was that?

JULIA: That was a year ago last Christmas.

RANDALL: Have you worked anywhere since you left school?

JULIA: Oh yes, I worked in the five and ten and I. . . .

RANDALL: How long did you work there?

JULIA: Just during the Christmas rush. And then I worked in a restaurant for a while; but mostly I've worked taking care of children. I don't like that kind of work, though, and I'm so glad Mr. Sodergren is going to hire me.

RANDALL: Did Mr. Sodergren tell you that we would have to approve your application first?

JULIA: He said something about making out a card.

RANDALL: Well, Julia, I'm afraid Mr. Sodergren overlooked one point. He probably doesn't know that you're under eighteen. We really can't hire anyone under eighteen years of age.

JULIA: But I'll be eighteen in November. Could you hire me then?

RANDALL: That's difficult to say. You see we have a long list of applicants, and we must select from this list according to qualifications and jobs that need to be filled. I cannot make you any promise, and I doubt that there'll be a job open for you.

When Julia Stanizzi had left the employment office, Mr. Randall telephoned the foreman.

RANDALL: Hello, Jim. On that girl you sent over to see me, Julia Stanizzi.

SODERGREN: Yes. I asked her sister to bring her in. She's been pestering me for a month and I had to do something. If the kid is anything like Stella she ought to be O.K.

RANDALL: The principal difficulty, Jim, is that she's only seventeen years old.

SODERGREN: What difference does that make?

RANDALL: Since the passage of the Walsh-Healey Bill we don't hire boys and girls under eighteen.

SODERGREN: Gosh, I didn't know that.

RANDALL: Well, you see we've taken care of it right here in the employment office by not accepting any applicant under that age.

SODERGREN: Well, it's too bad to disappoint the girl.

RANDALL: That's true, Jim. I'm sorry you raised her hopes. It would have been a lot better if you'd just referred her to the employment office without any promises. As a matter of fact, Jim, I think I should have been inclined to turn Julia down anyway, regardless of her age.

SODERGREN: You would? What do you mean?

RANDALL: I've got over a thousand applications on file here and plenty of girls on the list are much better qualified for an assembler's job than she is.

SODERGREN: In what way?

RANDALL: That job of yours requires a tall girl with strong hands and ability to read tickets, count accurately, and memorize constructions. I have girls who are mentally and physically much better fitted than Julia.

SODERGREN: Well, of course, I never saw this Stanizzi girl until she showed up this morning, and I didn't want to disappoint her sister.

RANDALL: The best way to take care of such requests is to refer the girls to me. Then if they don't get the job there's no harm done.

SODERGREN: O.K., Randy. No hard feelings, I hope?

RANDALL: Not at all. But how about this job? D'you want me to get you a girl?

SODERGREN: Well, I don't know. As a matter of fact, I think I might be able to get by without getting anyone. Hold off for a few days and I'll let you know.¹

¹ For another illustration of the old-fashioned foreman's attitude to modern employment procedure, see Case 15, The Rinehard-Coughlin Case, pp. 89-91.

CASE 3. JAMES J. ROBINSON

(Different forms of "political" influence were used to persuade the employment manager to hire this man.)

On May 3, 1937, the employment manager of the New Process Rubber Company received the following requisition specifying a certain James J. Robinson as preferred for the job:

EMPLOYMENT REQUISITION

Please employ for the _____ 1080 _____ Dept.

No. 1

Men
Boys
Women
Girls

For Position as _____ Service Man

Reason for Increasing Force: _____ Style Changes

To begin work _____ at once _____ 19__

Rate to start: .50 When exp. .65 to .70

With the following qualifications: _____

James J. Robinson

87 Park Avenue

Amberton

To replace _____

Transferred to _____ Dept.

No longer employed _____

Promoted to _____

Increase Forces: Yes, No.

Permanent: Yes, No.

Send all applicants to

Signed: J. B. Hadley Foreman

O.K. F. G. R. Dept. Head

Date May 3, 1937

Position filled by _____

James J. Robinson was not an employee of the company, nor did his name appear on the application files of the employment department. He was unknown to the employment manager.

The employment manager did not accept or investigate the suggested candidate, since there was a surplus of young men in the employ of the company. He selected one of these young men as a suitable candidate and sent him to the foreman on a proposed transfer. The foreman, however, turned this man down, stating that he was not quite tall enough for the job. The candidate was five feet and eight inches tall and the question of height had not previously been considered for the job in question.

On May 4, 1937, the employment manager received a note from the vice-president, enclosing the following letter and expressing the hope that a favorable answer could be given.

Mr. D. L. Bemis
Vice President
New Process Rubber Company

DEAR MR. BEMIS:

I am greatly interested in the bearer, James J. Robinson of 87 Park Avenue, Amberton, who is anxious to secure employment with the New Process Rubber Company.

I have known Mr. Robinson for many years and know him to be capable, honest, and industrious. I feel that I can unhesitatingly recommend him to you.

Anything you might do to assist him in securing employment will be greatly appreciated.

Very truly yours,
BANCROFT BENTLEY
Mayor of Amberton

Later on the same day, Pete Singer, who was a cutter on the first shift and also a captain of the company baseball team, dropped in after work to see the employment manager. The following is part of the conversation that ensued:

RANDALL: Hello there, Pete. How's the ball team these days? All set for the big game next month?

SINGER: That's what I dropped in to see you about. We just got to have a good pitcher, and I know where we can get one. All you have to do is to find a job for him. He's absolutely in the pink; nineteen years old and a good kid. His name is Jimmy Robinson.

CASE 4. GEORGE McCUE

(An illustration of direct political pressure.)

Characters:

MR. KENNARD, President of the New Process Rubber Company.

MR. McCUE, town councilor.

MR. RANDALL, employment manager.

On Monday, Feb. 8, 1931, Mr. Randall was called to the president's office. It was a busy morning, and he had to leave several hundred applicants waiting for interviews. In the president's office, seated beside the president's desk, was Mr. McCue, town councilor, a man well known to both the president and himself. The president explained the reason for Mr. McCue's presence:

KENNARD: Mr. McCue has registered a complaint against your department. He sent a man to see you this morning with a letter recommending him for a job. It appears that you interviewed this man very briefly and sent him away without offering him a job. He observed, however, that you were hiring a large number of men. Mr. McCue also stated that this is the sixth man he has sent to you during recent months, and that none of them have been hired. He feels that we are not cooperating with the efforts of the town authorities to relieve local unemployment.

(To Mr. McCue) Does that state the case, Mr. McCue?

McCUE: It states it rather mildly. I'd like to know why Mr. Randall has never hired any man that I ever sent to him.

RANDALL: It would be most unfortunate for you and I to have a misunderstanding, Mr. McCue, and I am very glad to have this opportunity to explain what we have been doing to help local unemployment.

The depression caused a tremendous shrinkage in our force and it is rather fortunate for the town that only 25 per cent of our employees were local residents. Otherwise the unemployment burden would have been considerably greater. However, 35 per cent of our rehired employees have been local residents because we have been giving them a preference.

During the past year I have been sending a monthly list to the local unemployment office showing the names of local residents employed by us in the current month. If you would like to have a copy of the list that we send to the unemployment office, I would be very glad to supply you.

MCCUE: That's beside the point, Mr. Randall. I'm not interested in the list of people you hire. I'm interested in the people you don't hire. The people I send to you are emergency cases on which employment must be supplied at once. I feel that I am asking no unreasonable favor when I ask a company of this size to employ one or two local men upon my recommendation. I recognize that they may not be first-class men. I recommend them to you not because of their qualifications, but because of their dire need. Their families are in distress. They simply cannot wait for weeks and months before getting a job. They must have it now.

RANDALL: I appreciate the problem all right, Mr. McCue. It is significant, however, that the people in greatest distress are quite consistently the least capable. You may remember Luigi DiTocci whom you referred to me about six months ago. He's the man who had nine children at home and his wife in the hospital expecting another. It was right after the plant shutdown that you talked with me about him.

MCCUE: Sure, I remember the DiTocci family. They live on Rosedale Street. DiTocci is a good workman all right.

RANDALL: Well, as a matter of fact, he's not making out so well. We placed him early in October. During the four months that he's been here I have been obliged to transfer him four times because his work has been unsatisfactory. It is now becoming difficult to sell any foreman on the idea of taking him. As you probably know we can't require a foreman to take a man whom he considers unqualified. We've done everything we could to help Luigi. We've sent our nurse to his home frequently. She collected clothing for the children and in that way got several of them back to school again. I'm very much afraid, however, that we shall be unable to keep Luigi.

MCCUE: Of course, I don't pretend to come here and tell Mr. Kennard how to run his business or to tell you how to run your job. But, surely, this DiTocci guy ought to be able to sweep the floor.

RANDALL: That's true, Mr. McCue. I believe he could do that. But that is one of the jobs we have reserved for our long-service employees. While the depression decreased our total force considerably, it also increased the percentage of long-service men. We recognize an obligation to these men and give them preference. Furthermore, while we have rehired as many of our former employees as possible, we still have a great many who are capable and whom we have been unable to place. These problems increase the difficulties we face in trying to place a man who is lacking in ability, and who has never worked here before. We have every desire to assist the town and to cooperate with you personally, Mr. McCue. I am sorry that conditions have made it so difficult during recent years.

MCCUE: I see your point, Mr. Randall. I came over to see Mr. Kennard this morning to get a picture of the situation at first

hand, and also to make a personal appeal for this young man who, I know, deserves and needs a job. If Mr. Kennard can't help me, then I must find somebody who can. I'll try some of the smaller plants in town. Of course, if you should find that you could squeeze him in somewhere, I'd appreciate it. I'd appreciate it very much.

KENNARD: We're always glad to do what we can, Mr. McCue, and to tell you when we can't. Of course, employment managers are accustomed to be asked to do things they can't, and they sometimes succeed in doing them. But when it comes to hiring they seldom make a promise. Mr. Randall doesn't because he hasn't any right to. You see he doesn't do the hiring. He selects candidates and recommends them to the department heads for employment. It is only when a department head accepts a man that he is really hired. Mr. Randall can't go to a foreman and say, "This is the man I've picked for you. Take him and like it." Neither can he say, "I wish you'd hire this man as a favor to George McCue." The man must possess some qualifications that Mr. Randall can sell to the foreman. Naturally, Mr. Randall will hesitate to exaggerate those qualifications because he doesn't want the foreman to lose faith in his future selections. So you see, we are making it rather difficult for Mr. Randall. I suggest that you pick out a dozen cases that you feel need immediate attention. Send the candidates to Mr. Randall and let him see what the possibilities may be of placing one or two. I'm sure he'll do the best he can.

McCUE: All right, Mr. Kennard. I'll work with Mr. Randall as you suggest and see what results we get.

CASE 5. CASE OF ATTENDANTS

(A supervisor exerted pressure to hire an increasing number of college men on factory jobs.)

The duties of attendants consisted in supplying materials to operators engaged on machines or conveyor assembly and replacing spoiled materials or missing parts. On the efficiency of this service depended the continued operation of these mechanized units. Lack of material would result in shutdown. The attendants were also held responsible for timing the speed of each conveyor belt according to the style of goods manufactured. This required an intimate knowledge of styles and footwear construction. The job of attendant, therefore, offered young men excellent insight into the problems and methods of rubber-footwear manufacturing and was considered by management as a good training field or supervision. Among the requirements for this job was the possession of a high school education or its equivalent.

During the general business recession in 1930-1933 when jobs were scarce, many college-trained men were satisfied to take the job of attendant, when ordinarily they might not have considered it. Mr. Campbell, supervisor of the gum footwear making department, found to his satisfaction that these men were particularly successful and quick to learn. Accordingly, during 1935, when business began to experience an upturn and hiring was resumed, Mr. Campbell came to the employment manager and insisted that he would consider none but college-trained men to fill attendants' jobs. He explained that many college-trained men were looking for work and that he saw no reason why he should not take the best there was available.

The employment manager pointed out the danger inherent in this practice. It was no doubt true that many college-trained men would be glad to accept the opportunity to work as attendants. On the other hand, in the course of time, it was almost certain that ambitious college men would be unable to find an outlet for their training and capacity and become dissatisfied. Furthermore, as soon as business conditions improved, these dissatisfied

college men would take the first opportunity to find a better job. Then, if the department had too large a proportion of college men, their exodus would seriously handicap the supervisor. Mr. Campbell was not convinced and appealed to his superintendent, who carried the problem to the vice-president in charge of manufacturing. The vice-president ruled that the number of college men employed as attendants should be limited to 50 per cent.

Early in 1936, Mr. Campbell was disturbed by a growing unrest among the attendants in his department. Complaints of discrimination and lack of advancement had reached the superintendent. The latter had discussed the situation with the vice-president, and both formed the opinion that the company was employing too many college men as attendants. Accordingly, the supervisor came to the employment manager to discuss the type of men that were being employed as attendants. The employment manager reiterated that it was unwise to employ too many college-trained men on such jobs but urged that the proportion of college men hired was not too great. Of the 25 attendants in Mr. Campbell's department, for instance, 12 had graduated from college, 3 had a few years of college training, and the rest had graduated from high school.

The employment manager pointed out that these jobs offered an excellent opportunity for a new man to become acquainted with footwear styles and manufacturing methods and problems, as well as management responsibilities. From this standpoint these jobs could be considered as promotional jobs. He suggested that the supervisor should discuss the opportunities afforded by these jobs with the men who were handling them. Mr. Campbell agreed to do this and called the 25 attendants together in a group for the purpose, addressing them as follows:

It has come to my attention that some of you men have expressed dissatisfaction with your present jobs as attendants. I have, therefore, called you all together to point out some of the advantages that these jobs offer you. You were purposely assigned to these jobs because we recognize that you all possess the qualifications for promotion. No jobs in production offer a better opportunity for you to learn production and management methods. If you were placed on a conveyor operation or off in some corner running a machine you might well feel that you were not receiving an opportunity to advance yourselves. On your present jobs, however, you have more freedom between

departments than any job I know of. You come in contact with supervision in various departments. You learn footwear construction, as well as quality and production control. If you take advantage of your opportunities you can pick up a great deal of information that will be of value in the future.

As production volume increases, there are going to be openings either in office departments or on supervision in the factory. You men are now on promotional jobs and as opportunities such as I have mentioned occur, every one of you will receive equal consideration for those jobs. Our employment manager, Mr. Randall, has assured me that you will receive such consideration. It is my advice, therefore, that you do everything possible to prepare yourselves for these opportunities so as to be ready when they arise. And if any one of you men has any questions at any time, I hope you will not hesitate to come and discuss them with me. We want to help you and I am only too glad to give you advice at any time that will be to your advantage.

The men appeared to be well satisfied with these statements and expressed their appreciation to their supervisor for his interest in their welfare.

Shortly thereafter, an opening developed in the production scheduling department. The employment manager reviewed the qualifications of each attendant for this job and finally selected three men from Mr. Campbell's group for interview. One of these three men was accepted and transferred to the job.

As soon as this became known to the group of 22 attendants who had not been interviewed, they called in a body upon their supervisor and wanted to know why he had not kept his promise to the effect that they would *all* be considered for any opening that might occur.

CASE 6. AFTERNOON SHIFT VERSUS NEW EQUIPMENT

(A supervisor urged the advisability of an afternoon shift, which would have meant hiring women, mostly married.)

Characters:

MR. JAHNIG, division superintendent of light footwear.

MR. RANDALL, employment manager.

In the summer of 1933, the New Process Rubber Company experienced a wave of increase in production. This occurred just before the adoption of the NRA Codes. New methods of production had been introduced during depression years, and insufficient equipment was available to handle the increased volume of business. It appeared that production was only temporarily accelerated by the code situation. Merchants anticipated an increase in prices and rushed to place their orders before the codes went into effect.

This led to the decision to operate an afternoon shift from 4:00 P.M. to 10:00 P.M., thus permitting girls to be employed at hours within the state law. The law relating to employment of women read in part as follows:

The hours of employment for women in factories, workshops, manufacturing, mercantile or mechanical establishments shall not be more than 9 hours in any day, or more than 48 hours in any week. In manufacturing establishments work for women over 21 years of age must not begin before 6:00 A.M. and must not last later than 10:00 P.M.

No women can be employed continuously for a period longer than 6 hours without being allowed 45 minutes rest or lunch period.

Little difficulty was encountered in hiring girls or married women to work this shift from 4:00 to 10:00 P.M. on five days and from 7:00 A.M. to 1:00 P.M. on Saturday, making a total of 36 hours per week.

On Nov. 18, 1936, W. Jahnig came to the office of Mr. Randall, and the following conversation ensued:

JAHNIG: Mr. Randall, you remember the four to ten shift we operated in 1933?

RANDALL: Yes, indeed.

JAHNIG: Is there any reason why we couldn't do the same thing again?

The present accumulation of orders requires a substantial increase in production, and if we could run such a shift in our canvas footwear, stitching, and making departments, we could save purchasing and building some expensive equipment.

RANDALL: There were objections that were really not very serious in 1933, but would, I think, be serious today.

JAHNIG: In what respect? It's no violation of state law, is it?

RANDALL: No, it isn't. The problem that I have in mind relates to the general effect of such a shift policy on our employee relations.

JAHNIG: How does that differ from 1933?

RANDALL: The circumstances in 1933 made our four to ten shift necessary to management and desirable to employees. You may recall that nearly all business took a sudden spurt during the latter half of that year. We increased our force over 30 per cent during July and August, as you will remember. However, that was a temporary condition, and we were forced to drop an equivalent number of people in the spring of 1934. We had neither the money nor the time to build extra equipment because it would have lain idle during 1934. From that standpoint the shift was necessary to meet the production peak. From an employment standpoint, we hired 800 people who had been unemployed for a long time and were only too glad to get a job at any schedule of hours. Both production and employment conditions, in my opinion, are different today.

JAHNIG: The production situation is not greatly different, as I see it. It's a sudden increase in canvas footwear just as it was in '33. It will rise to a peak and fall off again as it always does. And as far as employment is concerned, there must be plenty of married women, for example, who would be glad to work from four to ten while their husbands are home to take care of the children.

RANDALL: The production situation differs in this respect, as I see it. In '33 the canvas increase constituted an increase in total production volume for the plant and justified hiring. The present increase does not constitute an increase in total volume because it is offset by the falling off in winter footwear because of the mild winter we had last year. This does not justify hiring, in my opinion. It means transferring our present employees.

JAHNIG: If we can meet delivery dates on orders and avoid cancellations, our canvas may go to a daily production of 25,000 pairs. That would mean some hiring, wouldn't it?

RANDALL: Yes, it might mean hiring around 100 people, but that would leave 400 that are here now, either in the department or to be transferred.

JAHNIG: Most of the people would still remain on the morning shift. We might not have more than 150 to 200 on the four to ten.

RANDALL: True enough, but, as you know, we can't run an afternoon shift without at least a nucleus of experienced people. Further-

more, I don't think it's good policy for us to hire married women whose husbands are working, when there are plenty of single girls available.

JAHNIG: I'm not aware that we ever had any policy against hiring married women.

RANDALL: That's true enough. I'm not thinking of it from that standpoint. I'm thinking of at least three other things. The married women will not, on the whole, be as well qualified or as adaptable as the girls recently out of school. They will, therefore, not be an asset to our present program of employment stabilization. Due to limited qualifications or personal desire, the employment of married women will probably be temporary. Training costs, therefore, will represent a loss. The employment of these married women will also bring an unfavorable reaction from many of our employees who consider it unfair to hire both husband and wife.

JAHNIG: I can recognize these objections, Mr. Randall. But do you realize that it will cost us \$50,000 for new equipment if we don't put on the extra shift?

RANDALL: No. I didn't know it would run into such a figure.

JAHNIG: Well, it does and that's a very conservative estimate, too. Now, it seems to me that we ought to be very sure of our ground before we object to saving that expense. In the first place, what objections did you meet with in 1933 on account of the four to ten shift?

RANDALL: Here are the objections as I remember them. We had to allow for trucking and delivery of materials between shifts. For this reason we had to begin our regular shift one hour earlier. This meant that the day crew had to start at 6:30 in the morning instead of 7:30. The transportation facilities were not so good at that hour in the morning. As a result, our employees had to allow more time to get here than usual. This meant crawling out of bed before daylight in many cases. Many of the girls objected to that, particularly when they'd been out the night before. I didn't hear so much objection from the men, but there aren't many men in these departments. This day crew worked eight hours a day for five days, giving them a 40-hour week in five days.

The afternoon shift had a different complaint. The younger girls didn't like working until ten o'clock because it spoiled their evenings for dancing or the movies. In addition to this inconvenient hour they obtained only 30 hours work in five days. You remember that they didn't want to work Saturday night because they wanted at least one evening for entertainment. In order to remedy this we gave them a six-hour shift on Saturday from 7:00 A.M. to 1:00 P.M. That meant that after going home on Friday night and getting their supper they got to bed around midnight. They had to get up between five and six o'clock the next morning in order to get to work at seven. Despite these inconvenient hours and six days at work, they had only a 36 hour week, and therefore,

earned less money than the people who worked five days. They felt that they were getting the short end all around and kept pestering us for transfers.

Furthermore, while the four to ten shift did not violate state law, it was evident that the practice ran counter to the intent of the legislators. Married women, for instance, put in more than nine hours a day. Their combined working period, at home and in the factory probably amounted to 15 hours or more. We found in many cases, that after a few months of working on the four to ten shift, women complained that it was quite a strain.

We may have been able to hire or even transfer people to work an afternoon shift during the depression. But do you believe we could select people from our present employed group and transfer them to these short-end jobs without being flooded with claims of unfair labor practice and discrimination?

CASE 7. ANDREW BEAUCHAMP

(An old employee of the company urged the employment manager to hire his son in preference to others who were better qualified.)

Characters:

ANDREW BEAUCHAMP, vulcanizer operator.

ALFRED BEAUCHAMP, Andrew's twenty-year-old son.

MR. RANDALL, employment manager.

Mr. Randall walked into his office at eight o'clock one morning to find Andrew Beauchamp seated by his desk awaiting his arrival. Andrew was a vulcanizer operator on the night shift and had apparently been waiting since the shift closed at seven.

RANDALL: Good morning, Andrew. How are you?

BEAUCHAMP: Oh, I'm O.K., but I've got a favor to ask you. I've got a boy twenty years old that wants a job. He's had two years of business college, but he wants to quit and go to work. As a matter of fact I can't afford to keep him in school no longer. I need his help. D'you suppose you could give him a job?

RANDALL: Well I'm afraid I can't be very optimistic right now, Andrew. You probably know that production has been dropping off recently.

BEAUCHAMP: Oh, I know things are quiet. I've been put on short time myself. That's why I need his help. But I know you can help me if you really want to. It's easy for a big company like this to find a job for just one man.

RANDALL: Anyone we hire today would displace some employee already working. Since that is unfair we shall naturally have to wait until business improves before we do any hiring.

BEAUCHAMP: Mr. Randall, maybe you don't appreciate my request. I've worked for this company twenty years, and this is the first time I've ever asked a favor. It seems to me I'm entitled to some consideration.

RANDALL: Don't misunderstand me, Andrew. I'm willing to give your boy some consideration provided we have a job that he's qualified to fill. . . .

BEAUCHAMP: Oh, I'll vouch for his ability, Mr. Randall. I'll vouch for that. You just tell me when he's to report and I'll see that he's here.

RANDALL: Get this straight, Andrew. There isn't any job in sight at present, and I don't know when there will be. But I would like to have your boy come in to see me some day when it's convenient.

I'd like to talk with him, and check up on his qualifications. But be sure and tell him that we have no jobs open at present.

BEAUCHAMP: I'll bring him in tomorrow morning, O.K?

RANDALL: Yes, surely, if it's convenient. Tell him not to bring anyone with him. I want to talk with him alone. But if I shouldn't be here, Mr. Smith will talk with him.

BEAUCHAMP: O.K. and many thanks. I'll tell him.

Next morning, Andrew Beauchamp brought his son Alfred into Mr. Randall's office.

BEAUCHAMP: I want you to meet my son, Alfred.

RANDALL: Glad to. . . .

BEAUCHAMP: I told you I'd have him here this morning. I said to his ma last night before I came to work, I said: "Now it's up to you, ma, to get Alfred out of bed tomorrow morning or he won't get that job Mr. Randall's going to offer him."

RANDALL: You understand, Alfred, that there are no jobs at present. Even, if there were jobs, you would have to prove yourself qualified before you would be considered. I asked your father to send you in so that we might talk things over and perhaps include your name in our application file. . . . How old are you?

BEAUCHAMP, SR: He's twenty. He'll be twenty-one on the twenty-third of April.

RANDALL: What is your height and weight, Alfred?

BEAUCHAMP, SR: He's five foot six 'n weighs a hundred and thirty-two.

RANDALL: That's fine, Andrew, but give Alfred a chance.

BEAUCHAMP, SR: O.K.

RANDALL: Tell me something about your school work, Alfred. What courses did you take and how did you make out?

BEAUCHAMP, SR: Oh, what's the use talking about that? That was just a waste of money, Mr. Randall, that's all it was. He don't take no interest in school. Let's forget about that. It's a job he wants now, and, God knows, I need his help. What d'you think he can do?

RANDALL: Andrew, I haven't the slightest idea what he can do. But if you'll let me, I'm going to try and find out. . . . I tell you what, you go ahead home to breakfast and leave Alfred here with me.

BEAUCHAMP: O.K. O.K. I knew you'd fix him up. I ain't worked for this company twenty years for nothin', I guess. Well, so long, Mr. Randall, and much obliged.

(To Alfred) Now speak right up, Alfred. Don't be afraid.
(Andrew Beauchamp goes out.)

RANDALL: Tell me, Alfred, is it true that you want to leave school and go to work?

ALFRED: Well . . . in a way, yes. Might as well go to work and earn some money, I guess. There's really no fun going to college today if you can't have a little spending money. All the other fellers.

. . .

RANDALL: Don't you think there is some advantage in the knowledge and mental training obtained?

ALFRED: Well, maybe, some. But it's not much use if you can't get a job, is it?

RANDALL: If you get a job I suppose you'll help support the family?

ALFRED: Oh, I'd be willing to pay board until I'm twenty-one. After that a man has a right to look after himself first.

RANDALL: I see. Well, I'm sorry to have to tell you that there's no possible chance of offering you a job here, at least for some time to come. And if I were you I wouldn't depend on it. You see, we have a considerable number of unemployed men whom we feel under some obligation to reemploy before we hire any new men; besides, they are experienced men.

ALFRED: Yes, that's what they all say. . . .

RANDALL: Because it's true—you've got to face the facts. It really would be better for you to stay in school if it's at all possible. If not, you'll just have to make up your mind to cover a lot of territory before you land a job. Keep at it, and don't get discouraged. You'll get one some day, and the experience you get in hunting for a job will be worth a lot to you. (Rising, with the idea of terminating the interview.) If you want any help or advice, don't hesitate to drop in and talk things over with me.

ALFRED: (Hesitating at the door.) But, the old man told me he'd fixed it up so I'd get a job here.

RANDALL: I'm sorry, but that's impossible at present. I thought your father understood that. Let me make it clear to you now that if you do want a job here you'll have to get it on your own initiative and because you possess the qualifications for the work that is available. That is the only basis on which men are employed here. If you are interested I shall be glad to have you get in touch with me occasionally. I'll help you with advice even if I can't help you with a job at present. Good day. (Returns to his desk.)

Alfred stands irresolute for some moments and leaves the building.

On the following day, Andrew Beauchamp was again waiting for Mr. Randall.

RANDALL: Good morning, Andrew.

BEAUCHAMP: Good morning. Say, the boy tells me you turned him down flat.

RANDALL: I'm sorry, Andrew, I couldn't offer him much encouragement at present.

BEAUCHAMP: Well, I think it's a damn shame to call a boy in here and raise his hopes of getting a job, and then turn him down flat. I think I ought to be entitled to more consideration than that after all the years I've worked here.

RANDALL: I asked him to come in merely to determine his qualifications for future consideration. I made it very clear that we could do nothing at present. And I'll be very frank with you, now, Andrew. Your boy lacks some very essential qualifications. His entire attitude toward work and life needs to be revised before he could ever become an asset to this company. I've suggested that he call in occasionally. I thought I might be able to help him in this respect. There's nothing more that I can do for him at present. What he needs more than anything is to learn how to stand on his own feet.

BEAUCHAMP: Well, I don't know, he's only a kid. But I still think you could give him a job if you really wanted to, considering it's the first favor I ever asked in 20 years.

RANDALL: Did you know that we have 500 men that have worked here for more than 20 years, and that some of the men have been with us for 40 years?

BEAUCHAMP: No. Is that a fact?

RANDALL: Yes it is, Andrew, and most of them are family men. . . . And again I don't want you to misunderstand me. I'd like to help you. You're worried about Alfred. You're afraid he's losing interest in his school and in his family, and possibly getting into bad company, aren't you?

BEAUCHAMP: Well, I ain't sure about it all, but I figured out if only he could get a job with a good company it would fix everything.

RANDALL: Well, I'm sorry that a job is definitely out of the question for the time being, but if he'll come over to see me once in a while so we can get better acquainted, I think it's possible that I might be of some help.

BEAUCHAMP: O.K. But don't forget what the kid needs is a job.

B. Rehiring

GENERAL STATEMENT OF PRACTICE AT THE NEW PROCESS RUBBER COMPANY, INC.

It had been a policy of the New Process Rubber Company to give former employees a hiring preference, because the company knew their ability and personal qualifications at first hand. In the past, former employees were rehired only for the same job they had held before or similar work. After 1934, a tested employee was considered for any type of work that came within his scope.

When several former employees appeared to have equal qualifications, the following criteria were considered in the order shown below:

- a. Unemployed in preference to those now employed elsewhere but desiring reemployment by the New Process Rubber Company. (Need for employment.)
- b. Residence.
- c. Length of service.

Under section *a*, the company took no initiative in seeking to draw former employees away from current employment elsewhere and was particularly careful to avoid accepting former employees who were known to be working for a competitor in the rubber footwear business. Post cards recalling former employees always specified, "*If you are not employed at present*, we shall be glad to have you call at the employment office for an interview regarding work." The purpose of this policy was twofold. Employment on a new job might prove temporary on account of production conditions or the inability of the rehired employee satisfactorily to adjust himself to the new job. In such a case, the employee might be dismissed and left stranded between two jobs. This could not help but create ill feeling toward the company by the individual concerned as well as by the community who would hear of the case, thus damaging the company in its public relations. Secondly, the withdrawal of an employee from another company

for the purpose of accepting employment with the New Process Rubber Company tended to injure the relations between the two companies.

The provision under *b* relating to residence came into play during the depression of 1930. About 22 per cent of the company's employees were local residents, and an additional 45 per cent were residents of adjacent towns. This meant that the decrease in force during the depression placed a burden on the relief rolls in these areas, for which the company felt considerable responsibility.¹ Welfare departments kept closely in touch with the employment office in an endeavor to obtain work for former employees. The case of Giuseppe Di Giacomandrea is an example of the problems created under this aspect of the company's rehiring policy. The Beecher Case presents similar difficulties.

¹ See Appendix A, General Description of the New Process Rubber Company, "Residential Distribution of Employees," pp. 305-315.

CASE 8. GIUSEPPE DI GIACOMANDREA

(A social agency urged the employment manager to rehire a person on relief. Difficulties with a union representative ensue.)

Characters:

MR. MARIO, union representative of the vulcanizing department.

MR. RANDALL, employment manager.

The local welfare bureau sent the following letter to the employment manager:

Mr. Gordon Randall
Employment Manager
New Process Rubber Company

Nov. 6, 1933

DEAR MR. RANDALL:

This department is interested in the family of Giuseppe Di Giacomandrea. For the past eight months, Mr. Di Giacomandrea, one of your former employees, has been a recipient of welfare aid in varying amounts to meet the needs of his family. We realize that his wife is employed by your company. However, her income is insufficient to support their family of nine children. These children are not adequately clothed to attend school, and the family is without fuel for the winter.

Mr. Di Giacomandrea is an intelligent and dependable citizen. He is willing and able to do any kind of work that you may offer. In so doing you will relieve this burden on the town and aid a most worthy cause. We hope that you will find it possible to re-employ him at an early date.

Yours very truly,
MARY McCUE
Social Worker

On Dec. 15, an opening appeared for which Giuseppe might be considered qualified, and he was reemployed in the vulcanizing department. One week later, Luigi Mario came to the employment manager.

MARIO: Last night Joe Paolera came over to my house. He wants to find out when he is going to be rehired.

RANDALL: I understood that Joe was working for the ice company.

MARIO: He is, but he says he'd leave his job in a minute if he could come back here.

RANDALL: There are still a lot of people that haven't got any jobs. Don't you think it's better to hire those people first instead of taking somebody that already has a job?

MARIO: That may be. But Joe, he doesn't see it that way. He heard about "Jackum" (Di Giacomandrea) getting a job, and he doesn't think that's fair.

RANDALL: Does he know that Jackum has been unemployed for nearly a year, and that he has a large family to support?

MARIO: Oh, yes. Only he is mad about this. He knows that Jackum's wife works here and has had a job right along. He doesn't believe that's fair. He says Jackum never looked to find a job but just sat around and waited for New Process to call him back. He said, "I should worry—let the family go on welfare. Joe says he got a family too,—never asked welfare for one cent. He found work to do. The work he does now is only four days a week; pays half the money he earned here. Now with winter coming on he may be laid off any time.

RANDALL: I can see his point of view, Luigi. Naturally he wants to better himself if he can. But the fact remains that he still has a job. He's fortunate that he hasn't had to ask for relief. I realize that Joe had a pretty good record and we'll be willing to take him back sometime. But I still feel that there are other men who are equally well qualified and who need the job more than he does. We have a lot of people living right here in town whom we ought to get off the relief rolls as soon as possible.

MARIO: Why should the company care where a man lives? Joe is a good worker.

RANDALL: Well, you realize, Luigi, that we can't satisfy everybody. We make decisions on rehiring that we believe are fairest to all concerned. You'll have to tell Joe that we just can't make him any promise yet.

MARIO: How 'bout this husband and wife business? How do you answer that one?

RANDALL: We have no reason to discharge Jackum's wife. She's an excellent worker and she has worked here for quite a while. But she can't support her husband and nine children. In fact, I doubt if Jackum can support them without her help. You know a lot of women are working today. Sometimes several people in one family are working, perhaps for different companies. We can't discharge somebody just because we know that other people in the family have jobs.

MARIO: Some families get all the breaks. Other families get nothing. That's too bad. It would be much better to treat everybody the same way.

RANDALL: Well, of course, Luigi, we try to avoid hiring too many from one family. But in Jackum's case, I feel that our decision has been fair.

MARIO: What shall I tell Joe?

RANDALL: Tell him he'll have to wait awhile. If conditions improve we may be able to hire him. But don't make him any promises.

MARIO: Well, you're not much help. What shall I do now? If I tell Joe what you said he'll say, "what's the matter, you're a hell-of-a representative."

CASE 9. THE BEECHER CASE

(Pressure was brought to bear by the union to rehire one of its members.)

Characters:

MR. MISKELL, union representative.

MR. RANDALL, employment manager.

On Jan. 9, 1935, Union Representative Hugh Miskell came to Mr. Randall with the following question:

MISKELL: Who's this guy, Beecher, that went to work in our department this morning?

RANDALL: Beecher? Oh, yes, he was just rehired. He used to work in the boot department.

MISKELL: How long did he work there?

RANDALL: I think he worked over there about two years.

MISKELL: Is he married?

RANDALL: No, I don't think he is.

MISKELL: Why didn't you hire Moskowski? He worked in our department before. Besides, he's married and has two children to support.

RANDALL: Beecher is much better qualified to fill the job for which he has been hired.

MISKELL: Yes, but Moskowski needs the job much worse than he does. Moskowski used to do this same job that you put Beecher on and Beecher never did it before. I don't call that fair.

RANDALL: I know Beecher has never done this particular job, but he demonstrated his ability when he was here to handle this sort of job much better than Moskowski.

MISKELL: That may be, but Moskowski did the job well enough to be kept until the layoff came didn't he?

RANDALL: Yes, he got by until the layoff.

MISKELL: Well, I think he should have the job.

RANDALL: You think he should have the job because he needs it worse than Beecher does. Is that right?

MISKELL: Yes sir, that's just what I think.

RANDALL: Well, Hugh, you'll agree with me that the success of any company depends upon the people who work for it, don't you?

MISKELL: Yes, I suppose so. But one man couldn't make much difference in this case.

RANDALL: As a matter of fact, Hugh, one of my jobs is to see that each man we hire is the best I can find for the job. By selecting each

man carefully, one at a time, they add up to a total working force that is efficient. If I start making exceptions I gradually reduce the effectiveness of the entire organization. Now, if Moskowski and Beecher were equally well qualified I'd take Moskowski because of his greater need. But I must always consider qualifications first.

MISKELL: Do you mean you're not going to take Moskowski back at all?

RANDALL: That will depend entirely on the qualifications of available applicants and the type of job I have to fill.

MISKELL: Would you hire a new man before Moskowski gets back?

RANDALL: I might, if it were necessary in order to obtain the proper qualifications.

MISKELL: I don't call that fair.

RANDALL: Actually, Hugh, there's no obligation on the company to rehire a man just because he happened to work here before.

MISKELL: I think there is.

RANDALL: That would mean, that if I make an error and employ a man who doesn't prove to work out as well as we had hoped, that the company is going to be saddled with a poor workman for the rest of his life. That wouldn't be quite right, would it?

MISKELL: Well, no, I don't suppose it would.

RANDALL: As a matter of fact, your job and the job of every man here depends a whole lot on the capability of the other men he works with. Poor workmen turn out poor work and lose business for the company. That affects employment. It is one of management's responsibilities to select and hire those people who will contribute the most to the interests of the company. That responsibility is assigned to this department. We must use our best judgment in making selections, or else I fall down on the job.

MISKELL: Well, maybe you're right. But I still think Moskowski should be rehired.

SECTION II

TRANSFERS

STATEMENT OF PRACTICE AT THE NEW PROCESS RUBBER COMPANY, INC.

Up to 1916, transfers at the New Process Rubber Company entirely concerned personal, rather than economic issues. They were of three kinds: (a) transfers of promotion, (b) transfers of demotion,¹ and (c) remedial or salvage transfers. The first two were almost entirely intradepartmental and primarily depended on informal differences in social status. This informal aspect appeared most clearly in transfers of promotion. It was not always feasible to recognize individual merit by advancing a man to a higher job level (formal promotion) or by increasing his pay. The chief obstacle to the first measure was the scarcity of labor grades in semiskilled and skilled occupations. When a worker reached his "ceiling," there was no opportunity for formal advancement unless he was of supervisory caliber. In such a situation, an increase in pay would offer an alternative method of recognition. But, pay increases were possible only within well-defined limits. Otherwise they disturbed existing wage differentials and led to labor trouble. As labor organized, wage schedules became generally known to all workers in a given department and were no longer wholly a private matter. There developed the practice of having each job carry its own rate. In this way, all workers within a certain labor grade doing a specified job could count on receiving the same rate of pay. Accordingly, when a worker in such a group received a "raise," his fellow workmen, regardless of

¹ The usual disciplinary demotion (see the case of Alfredo Bonaccio, pp. 125-127) seldom offers grounds for misunderstanding. It may, of course, involve a problem of adjustment, but even this, ordinarily, is a clear-cut situation. A more subtle difficulty is created in cases of *technical demotion* of marginal workers where there is a conflict of attitudes. The worker cannot see beyond the loss of money and social status, which are all demotion means to him, and he, therefore, feels a natural resentment. Management, on the other hand, realizing that logically the marginal worker merits discharge, is conscious only of its own good will and loses sight of the technical demotion and the worker's attitude toward it. The case of David Walsh, Jr. illustrates this problem, (pp. 65-67).

individual differences in skill and efficiency, considered themselves entitled to the same increase. If this was withheld they complained of discrimination. Both these conditions made it difficult for the foreman to recognize and reward individual merit as freely as he might wish. One way of getting around these difficulties was to avail himself of informal differences in social status and make the reward of a more intangible but nevertheless acceptable nature. For instance, a man might be transferred from the night to the day shift, or from a dirty to a clean job. Other transfers permitted a worker to acquire greater skill and to prepare himself more readily for a formal advancement to another job level.

Demotions usually meant a pay cut as well as loss of formal status.¹ There were instances, however, when a man was disciplined by being transferred to a socially less desirable job, place, or hour of work.

A third ground for transfer was a worker's need for readjustment. These remedial transfers were usually interdepartmental and referred to an individual who was in difficulty for reasons either personal or technical. If an employee failed to get along with his foreman or co-workers, or if he did not measure up to certain technical job requirements, he was usually dropped from the department and discharged as incompetent. Sometimes, however, he was given another chance in some other department. Such remedial transfers were obviously not preventive and were merely an attempt to rectify an error in placement.

In arranging a remedial transfer, supervisors often disguised their motives after the manner of a horse trader. A foreman who wished to side-step the disagreeable task of coping with a misfit might attempt to palm him off on another supervisor. He would extoll the worker in question and enlarge upon the advantage of hiring an experienced man rather than a greenhorn. In addition, he seldom failed to offer a plausible excuse for having to transfer the worker out of his department. Subsequent experience with such a transferred employee was likely to be unfavorable. This happened often enough to make foremen suspicious of all interdepartmental transfers.

With the establishment of the employment department, all transfers became a function of the employment manager. In

¹ See Case 22, Alfredo Bonaccio, pp. 125-127.

following up employees the employment manager not only cooperated with the foremen in the use of the above-mentioned transfers but developed a new type. This was the production transfer, which grew out of company policy and was wholly interdepartmental in character. To avoid the losses and insecurities caused by excessive hiring and layoff in separate departments, the employment manager filled as many requisitions as possible by transfer. In its early stages, this policy was not very successful because the employment manager could only draw upon marginal workers who would otherwise be dropped. The unsatisfactory results of such placements increased the disfavor with which supervisors already regarded interdepartmental transfers.

In 1934, the management of the New Process Rubber Company adopted employment stabilization as a major objective in labor relations. The achievement of this objective depended on the successful coordination of production scheduling with employment procedures and the development of a highly versatile and efficient labor force that could be shifted from one type of work to another in accordance with production needs. This required a considerable amount of training and education. Workers had to be trained in several different jobs, and not only workers but also supervisors had to be convinced that production transfers transcended individual and departmental interests. The development of this attitude, that workers were in the employ of the company as a whole rather than any particular department, was one of the most difficult tasks of the employment manager.

The following cases illustrate the different types of transfer. For obvious reasons only comparatively recent instances are given.

Case 10. The Case of Viola Burns. Transfer of Promotion.

Case 11. The Case of David Walsh, Jr. Transfer of Demotion.

Case 12. The Thompson Case. This is a remedial transfer that is initiated by the department supervisor. The departmental difficulties are of a more basic nature than the obvious personal maladjustment of the employee, and his transfer fails to solve the problem.

Case 13. George Henderson. This is a remedial transfer that is initiated by the employment manager. The transfer is successful but raises a production difficulty.

Case 14. Stitching Department Transfers. These production transfers are illustrative of the many problems raised by an experiment in employment stabilization.

Cases 15 and 16 are specific illustrations of the mechanism involved in production transfers.

Case 15. The Rhinehard-Coughlin Case. This illustrates transfers into a department, following an increase in departmental activity.

Case 16. The Kelly-Flanagan Case. This illustrates transfer out of a department, following a decrease in departmental activity.

CASE 10. THE CASE OF VIOLA BURNS

(A transfer of promotion.)

Characters:

MR. BIRDSALL, paymaster.

MISS BURNS, typist.

MR. RANDALL, employment manager.

In June, 1935, Viola Burns was hired directly upon her graduation from high school and placed in the pay-roll office as a typist. She was intelligent, quick, cheerful, energetic, and had a pleasing manner but looked delicate and was somewhat unprepossessing at first sight and somewhat lacking in self-confidence. The paymaster had asked for a girl who was good at figures, could type with reasonable speed and accuracy, and do shorthand. Viola more than met these qualifications.

There were twenty girls in the paymaster's office, and Viola readily made friends with all of them. She not only adapted herself quickly to the job but evidently enjoyed the work. She was usually the first to arrive in the morning and was frequently spoken to for her failure to quit work at noon or at night. She became an asset to the department head and within a year had demonstrated to the employment manager that she was in line for promotion. Consequently, when Mr. Randall received a requisition for a secretary to one of the sales executives, Viola Burns immediately came to his mind. He went to the paymaster, Mr. Raymond Birdsall, and suggested Viola's release for transfer.

RANDALL: Ray, I have a requisition from Jim Wagner's office for a bright girl to replace Agnes Brown who is leaving to be married. I think Viola Burns is just the girl for the job.

BIRDSALL: Hell, Randall, that girl is practically indispensable to me. She's one of the best girls I ever had. You don't think I'm going to let her go, do you?

RANDALL: How much are you paying her, Ray?

BIRDSALL: Twenty-one dollars.

RANDALL: But, you're not going to stand in her way if she has a chance for a better job and more money, are you?

BIRDSALL: Well, maybe I could pay her more money myself.

RANDALL: Maybe you could, Ray. But you're limited to the top rate for her present job classification. You can't pay her what she may eventually receive as a private stenographer.

BIRDSALL: No, of course not. . . . Damn it all, the good girls always go. I sometimes wonder if I'd be better off to take girls that aren't quite so good, so I could keep 'em around here after I've spent time and money training them.

RANDALL: Well, here's your chance to decide. If I take Viola, you'll need a girl to replace her. Tell me what you want and I'll find just the right candidate for you.

BIRDSALL: Well, I suppose there's only one answer. You'll have to take Viola. After all, I've got to give her the break. But you find another girl just as good as she is, if you can. I guess I'm better off to hire bright girls even if there is a chance that I may lose them.

Later in the day, Viola Burns was called to see Mr. Randall in his office:

RANDALL: Good morning, Miss Burns. Have a chair. I have a suggestion to make which, I believe, will please you. Do you know Miss Brown in Mr. Wagner's office?

BURNS: Not very well, but I know who she is.

RANDALL: Well, she's leaving us very soon—getting married—perhaps you have heard? I have suggested that you be considered to take her place. But whether or not you get the job depends on three conditions. The first is Mr. Birdsall's consent to release you; the second, your own willingness to give it a try; and the third, Mr. Wagner's acceptance. I have talked to Mr. Birdsall and that part of it is O.K. Now I want to tell you something about this job before you make up your mind. If you do well you would become Mr. Wagner's private stenographer, and be the only girl in his office. This is quite a change from your present job and you might feel rather lonesome. Mr. Wagner's work requires a considerable amount of detail. You would have to get acquainted with many customers, their accounts and requirements, with styles, prices, and discounts. You would handle his correspondence, keep his files, and run the office when he is out of town. This would involve contact with customers in person as well as over the telephone. If you should be transferred to this job you would receive a slight increase in salary at once, and more later if you do well. Do you think you would like to try this job?

BURNS: Really, I don't know, Mr. Randall. It sounds like a lot to learn, and so different from what I've been doing. I'd hate to fail. You know more about it than I. Do you think I could do it?

RANDALL: I'm very sure you can do it if you want to.

BURNS: Is there much dictation?

RANDALL: Yes, there's a good deal. But I'm sure you can handle that part of it. And, of course, Miss Brown would be with you for a couple of weeks to show you the ropes. How about it, would you like to give it a try?

BURNS: Well . . . it's awfully hard to say, Mr. Randall. Could I think it over and let you know later?

RANDALL: Certainly, Viola, just let me know in a day or so when you've made up your mind.

At the end of two days, Mr. Randall had heard nothing further from Miss Burns. He spoke to Mr. Birdsall during the lunch hour.

RANDALL: Oh by the way, Ray, has Viola said anything to you about taking the job in Wagner's office?

BIRDSALL: No, she hasn't, but I certainly hope she'll make up her mind about it pretty soon. She's not much good to anybody since you spoke to her. She goes around looking like she's lost her last friend. She even cries about it. I believe she feels she ought to take a chance but hates to leave the department and her friends.

CASE II. THE CASE OF DAVID WALSH, JR.

(A transfer of demotion)

In 1936, David Walsh, Sr., had worked for the New Process Rubber Company for 25 years as an engraver. He had never been in good health and in recent years had been able to work only half time. In view of his long service with the company and a large family of eight children ranging from a newborn baby to a son twenty-one years old, every effort had been made to adapt Mr. Walsh's work schedule to his physical limitations and family needs. He lived in a company house close by the plant. His eldest boy had been with the company since 1934. Recently, his eighteen-year-old daughter Alice had entered the company's employ, and David, Jr., (age nineteen) was hired as an office boy. The family had struggled to get David, Jr., through high school, and the boy had succeeded in graduating in June, 1936, although his scholastic standing was below average.

The company had followed the practice of employing high school graduates for messenger service and training them at the same time to fill minor office positions. A short period each day was devoted to teaching office boys how to run office machinery (Markem and Multigraphing machines, etc.). In this way, office boys were enabled to qualify for promotion.

After six months' service as an office boy, David Walsh, Jr., was promoted to the production scheduling department, where his duties consisted alternately in operating a Markem machine and a Multigraph machine. The Markem machine was used to print lot numbers and pairs of shoes per lot on coupon tickets¹ for the stitching department. This work required clerical accuracy, because the coupons were used as a basis for figuring the daily earnings of stitchers. The Multigraph machine required less clerical but more mechanical ability. At the time of his transfer, David's pay was increased from \$12 to \$15 per week, and was subsequently raised to \$18.

In September, 1937, David had been employed on this work for nine months. In the meantime, his father had died, leaving

¹ See Appendix A, General Description of the Plant, Coupon System, p. 312.

the three children to support the family of nine persons. As a further misfortune for David, the recession had begun to affect production volume, and his name came up for layoff consideration. His work was the poorest among several boys engaged in similar work, and his department head had accumulated a large folder filled with evidence of his many clerical errors on the Markem machine. In discussing David's case, the office manager and the employment manager decided to protect David against layoff by transferring him back to his former job as an office boy. This transfer involved a decrease of \$5 in his weekly pay but protected his weekly earnings of \$13, which were greatly needed for the support of the Walsh family. David accepted the demotion under protest and complained that the office manager had collected a folder full of errors with the idea of "framing him." Investigation by the employment manager, however, had definitely verified the errors as David's. He had failed to meet the clerical requirements of his job, although he had demonstrated considerable capacity for the mechanical phases. David was aware only of his good qualities and insisted that he couldn't have made so many clerical mistakes as were alleged. He stubbornly maintained that his boss "had done a job on him" to protect another employee who had a pull.

Several other employees who also had received notice of layoff from the production scheduling department looked upon the situation in an entirely different light. They had witnessed David's errors at first hand and complained that it was unjust to protect his employment. They protested that it was unfair in the first place for the company to employ three people from the same family and accused the company of favoring David because he lived in a company house.

At this stage of the case, the employment manager was visited by David's younger sister Alice, who was employed in one of the factory departments:

ALICE: Mr. Randall, I really don't know how to begin. I want to talk with you about David. But I want you to understand how much we appreciate what you've done for him. I know *he* doesn't appreciate it, but mother does. She wanted me to tell you, and she thought maybe you'd talk with David. I think he'd listen to you. At home, *he* does all the talking and he just won't listen to reason. He never would, he's so headstrong. He's difficult to get on with. D'you know what he did today? He came home to

lunch and wouldn't go back to work. We couldn't make him. He said . . . well, he said, "To hell with the job" and other worse things. I told him he'd get fired for sure if he didn't come back, but I just couldn't do anything with him. I wouldn't blame you if you did fire him. But I don't know what we'd do at home if you did. You know how things are since Dad died. Mother's had a nervous breakdown and she hasn't got any strength in her legs. She can't get out of bed. It keeps me pretty busy. Joe helps. You know Joe, down in the cutting room. Well, Joe puts on an apron and helps around the house. But not David. Oh, no. He wants to be waited on hand and foot. He's always been like that. You see he's got everything all wrong. Somebody must talk to him. Couldn't you give him another chance?

RANDALL: I think I understand David pretty well, Alice. And what you've told me helps a lot. I'll be glad to talk to him. You tell him to come in and see me the first thing tomorrow morning.

ALICE: Thank you, but . . . ah . . . well, he hates to have his kid sister meddle with his affairs. You know, I want to help him, but, somehow. . . .

RANDALL: I understand, Alice. You get him back to work tomorrow morning if you can. You won't have to say anything about me. I'll send for him to come and see me some time during the day. And I'll leave you out of it if you think it will work better.

ALICE: Oh, I'm sure it will. He can't help but listen to your advice.

RANDALL: All right, Alice. I'll do what I can. And please let me know if things go any better.

Mr. Randall then went to see Mr. Dickson, the office manager for whom David worked and explained the situation. It was arranged that both should talk to David on his coming to work next day.

That day, the employment manager sent for David in the afternoon and found him very much on the defensive. By emphasizing David's mechanical ability and demonstrating that he was weak in clerical work, the employment manager finally convinced the boy that his contemplated layoff had been justified. Mr. Randall then explained that the transfer to his former job was not a punishment but a friendly effort to help him and his family and should not be looked upon as a demotion. David's attitude changed as he became convinced of Randall's genuine interest and, together, both worked out a constructive educational program. David decided that by taking a course in electrical work he could develop his mechanical ability and prepare himself for a better job.

CASE 12. THE THOMPSON CASE

(A remedial transfer that was initiated by the department supervisor. The departmental difficulties were of a more basic nature than the obvious personal maladjustment of the employee, and his transfer failed to solve the problem.)

Characters:

MR. COLEMAN, division superintendent.

MR. THOMPSON, machine operator.

MR. RANDALL, employment manager.

On May 21, 1936, Robert Coleman, division superintendent, came to Mr. Randall, employment manager, with the following request:

COLEMAN: Tom, you'll have to find a transfer for Conroy. He's George Daley's (the foreman) brother-in-law, and the rest of the boys who work for George don't like the idea. Conroy is making more money than the others, and they accuse Daley of playing favorites. I know all this is the bunk. Conroy is an excellent worker and is worth every cent he is paid. I suspect the boys are a little jealous because they know he's a better worker than they are. However, they complain that Conroy is favored with all the fat rates, and we've got to stop their mouths. The only way to do this is to transfer Conroy. But I think we ought to find him a job where he can make at least \$35.00 a week. This whole business is no fault of his, and I don't think he should suffer financially.

RANDALL: I agree with you, Bob. And it ought not to be difficult to find a suitable place for Conroy. As a matter of fact, haven't you got a similar case in B-15? If I remember correctly, Harry Thompson is working for his uncle, Bill Dawson.

COLEMAN: That's right. But nobody's complaining about that. The men in Bill's department haven't raised any objections at all.

RANDALL: That's surprising, for I think you'll agree that there's been more cause for objection in that quarter. Hasn't Bill been favoring Thompson with some rather soft jobs?

COLEMAN: Yes, Bill has possibly been at fault in that respect. But apparently none of his men have seen anything to complain of.

RANDALL: Nevertheless, why can't you exchange Conroy and Thompson and clean up this relation problem throughout your division?

COLEMAN: I have no objection. The only trouble is that their jobs are quite dissimilar. I don't see how they would fit. Conroy is a bright boy all right and can easily handle Thompson's job. But I doubt whether Thompson has the ability to take Conroy's place.

RANDALL: Well, the most important thing in my opinion is that Conroy can handle Thompson's job. Conroy has not been at fault and we don't want him to be the loser. In Thompson's job he has a good opportunity to earn the same rate of pay he's been getting and perhaps a little more. On the other hand, I doubt if Thompson rates Conroy's job anyway. McQueen in Daley's department does. Why don't you advance him to Conroy's place. Then we can make any other transfer necessary to arrange a suitable place for Thompson in Daley's department.

COLEMAN: I don't see how we can do that and give Thompson the same rate of pay he's getting now.

RANDALL: Is there any reason why we should protect Thompson's earnings? He's been favored long enough. I should think it's about time he learned to stand on his own ability.

COLEMAN: Well, let's give it a try. I'll suggest to Daley and Dawson that they take steps to arrange these transfers.

The situation was handled as indicated above, with the following results: Daley's department lost a capable man in Conroy and for over a month experienced a letdown in production. Conroy handled his new job successfully and quickly made a place for himself in Dawson's organization.

Thompson, on the other hand, was much upset by the change. He lost 12 pounds in three weeks, was treated by the company physician for nervous indigestion, and entered a complaint with his union representative. He stated that not only was he losing money by his transfer, but also he was much upset by suddenly finding himself in a hotbed of unrest and dissatisfaction. He earnestly requested that steps be taken to help him get back his former job.

On July 6, 1937, Thompson made an appointment with the employment manager. He came into the office at the close of his day's work.

RANDALL: Well, Thompson, what can I do for you?

THOMPSON: Say, I wonder if you realize what a hotbed you dumped me into down there in Daley's place. It's a regular clique of old biddies, every man watching the other fellow instead of doing his own job. They're all jealous of each other; all out for number one and trying to grab off the soft jobs. And Daley's the queerest foreman I ever saw, running around like a hen with its head cut off and doing a lot of jobs that he should assign to the men. Everybody but him tells me what to do and orders me around till I'm just about ready to go nuts. What you ought to do is to transfer half of them out of there and put in another foreman. I suppose I

shouldn't be telling you what to do, but I wish to hell you'd send me back to Dawson. When I worked for Bill, nobody ever said a word about him being my uncle. Everybody got along swell and attended to their own business. These guys in Daley's place know why I was transferred and they're all the time rubbing it in. What d'you say, Mr. Randall, couldn't I get a transfer out of there?

CASE 13. GEORGE HENDERSON

(A remedial transfer that was initiated by the employment manager. The transfer was successful but raised a production difficulty.)

Until December, 1936, George Henderson had always been employed by the New Process Rubber Company as a molder. This work, however, had always been highly seasonal, causing periods of unemployment. The busy season generally began about June and lasted to the beginning of winter. One factor tending to prolong the season was that the New Process Rubber Company not only made overshoes but also supplied radio parts. Retailers stocked radios for the Christmas trade and, therefore, from a manufacturing point of view, the autumn months were the peak of the season. Efforts to stabilize production in the molding department had been unsuccessful.

George Henderson was considered an experienced heel molder, whose ability, during the busy season, was in great demand. At such times he was able to earn 78 to 80 cents an hour. However, not only during a general business recession, but also during the annually recurring slack season, George Henderson suffered from unemployment.

On Feb. 25, 1937, George Henderson appeared at the employment office of the New Process Rubber Company in search of "any kind of work," stating that he and his family were at the end of their resources and heavily in debt. He was employed as a laborer.

Shortly after his reemployment, the employment department received bills from various of his creditors, some of them in the form of trustee writs. It became necessary, therefore, to call Mr. Henderson to the employment office to discuss the situation.

The total amount of indebtedness known to the company was \$265.58. In order to avoid wage attachments it was necessary to satisfy his creditors with small weekly payments. These were arranged as shown in the table on p. 74.

Mr. Henderson occupied one of the company's houses, which were being managed by the———Realty Company. He

owed seven months rent. The employment manager arranged to deduct an additional \$9.75 per week from Mr. Henderson's pay. This was for current rental and to pay a small amount on back rent.

AMOUNTS OWED BY GEORGE HENDERSON TO VARIOUS CREDITORS AND
STATEMENT OF WEEKLY DEDUCTIONS FROM HIS PAY

Amount Owed		Weekly Payment
Furniture company.....	\$133.12	\$2.00
Clothing store A.....	37.96	1.00
Clothing store B.....	10.00	0.50
Clothing store C.....	26.05	1.00
Clothing store D.....	23.45	1.00
Phillippi, grocer.....	35.00	0.00 ¹
Total.....	\$265.58	\$5.50

¹ Mr. Phillippi, a small grocer, was satisfied with the assurance that payment was contemplated and agreed to wait until some of the other debts had been paid.

In an effort to assist Mr. Henderson's financial situation, the employment manager also employed his eighteen-year-old daughter who had just graduated from high school. She was employed as a form layer in the preparatory department. After a period of three weeks training she proved unsuccessful and had to be dropped from the employment roll.

Approximately three months later, the employment manager found other work for which she was better fitted, and she was reemployed as a trimmer in the glove department. This work she did reasonably well. She continued to work in this department until a decrease in production necessitated her layoff on July 7, 1937. The employment manager was able to find other work for her in the preparation of heavy footwear, and she was reemployed on July 11, 1937.

A short time after the employment manager had arranged the deduction of weekly payments to satisfy Mr. Henderson's creditors, Mr. Henderson called at the employment office and volunteered the statement that he was in further difficulties. Reluctantly, he divulged that in 1936, in order to straighten out his finances, he had taken in a roomer on the condition that he put in a radio on which the roomer agreed to pay the installments. To carry out this agreement, Mr. Henderson had gone to the Clarion Talking Machine Company and purchased a radio, which was priced at \$150, on the installment plan. For a period of six months, the roomer had faithfully made the payments. Then he suddenly disappeared, leaving an unpaid balance of \$75. For

some time past, the Clarion Talking Machine Company had sent letters requesting further payments. Recently, the credit manager had threatened to start legal proceedings.

Mr. Henderson was advised to allow the Clarion Talking Machine Company to repossess itself of the radio. This he refused to do, saying that his wife had got so used to the radio that she could not bear to live without it. An arrangement was made for payments of \$1.00 per week until such a time as a reduction in other debts might permit an increase.

In view of Mr. Henderson's financial situation, the employment manager was desirous of assuring him continued employment. It was decided to employ him as a material handler at some additional training expense to the company and a loss in average weekly earnings to the man, compared with his maximum earnings as a molder. When he could qualify as an experienced material handler, Mr. Henderson would be able to earn 70 to 73 cents an hour. This, however, would necessitate Mr. Henderson's giving up his occupation as molder. Mr. Henderson fully understood and readily accepted this condition, since he realized that to him security of employment was fundamental.

On July 25, 1937, the foreman of the molding department urgently requested Mr. Henderson's services. There was a scarcity of skilled molders, and the foreman experienced great difficulties in keeping up production.

CASE 14. STITCHING DEPARTMENT TRANSFERS
AN EXPERIMENT IN EMPLOYMENT STABILIZATION

(Production transfers that illustrate the many problems raised by the New Process Rubber Company's experiment in employment stabilization.)

The New Process Rubber Company manufactured two highly seasonal lines of footwear; canvas or summer footwear, and rubber or protective footwear for use in winter. Whereas the manufacture of canvas footwear required a considerable amount of stitching, rubber footwear required practically none. As a result, stitchers were employed only during the summer-footwear season, which generally began late in October, reached a peak during March, and ended in May. It was the custom in the stitching trade for workers to move from plant to plant according to seasonal demand for their skill. But unlike the regular migration of caterers to tourists, for instance, (some of whom regularly move from Florida to Maine and back again each year), the movements of stitchers could not be systematic. Demand for their services, by companies manufacturing wearing apparel or other stitched articles, was also subject to wide seasonal variations, which frequently failed to coincide with the making of summer footwear. Consequently the stitchers at the New Process Rubber Company were certain of employment only during the canvas-footwear season. Even if they were so fortunate as to find work for the summer months, there was almost certain to be an interval of unemployment between jobs, which varied with the condition of the labor market. This caused a considerable loss in annual earning capacity. A further loss of earning power was sustained during the necessary periods of adjustment while the stitchers were being acclimated to new plants and attaining skill in manipulating new materials.

From the point of view of management, this condition created a chronic problem in labor relations. In the first place, labor turnover among the stitchers in the New Process Rubber Company had always been excessive, as can easily be seen from the following table:

NEW PROCESS RUBBER COMPANY, PER CENT OF MONTHLY LABOR TURNOVER IN THE STITCHING DEPARTMENT DURING 1930 AND 1931

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1930	5.3	12.3	10.3	6.6.	12	4.6	3.6	1.7	2.4	5.1	2.9	4.1
1931	12.2	3.9	30.	5.5	4.4	22.4	3.8	45.3	20.2	2.4	4.1	5.2

Secondly, each season brought with it the difficulty of finding an adequate labor supply of experienced stitchers. Many of its former employees had found other work by the time the New Process Rubber Company again required their services. This meant hiring a considerable number of stitchers who were unacquainted with plant methods or with the specific stitching operations required on canvas shoes. As a result, training schedules had to be repeated each year during this period of readjustment. This resulted in a serious financial loss. Each season, management was faced with heavy training expenses and excessive labor costs, damaged machines, wasted materials, and a high percentage of "seconds"¹ in the finished product.

These difficulties were accentuated by the fact that management also had to cope with similar problems in the manufacture of rubber footwear. The production of winter footwear was usually started in May, reached its peak during July and ended in November. On account of shrinkage in production of rubber footwear, shoemakers were likely to be laid off at about the same time that stitchers were being hired. Many of these rubber-footwear makers drifted into other employment and were not available for the next production season.

The solution to these problems appeared to be the development of a versatile group of girls who might be trained to perform both stitching and rubber-footwear-making operations. For a number of years prior to the depression in 1930 some success had been achieved in transferring certain hand-assembly operators from the stitching department to similar operations in winter-footwear departments, and in transferring stitchers to fill other types of stitching jobs that existed elsewhere in the plant. One of the difficulties encountered, however, was the possible failure of the

¹ Shoes with slight imperfections of style, not affecting their wearing quality, and sold at a discount.

two seasonal lines to offset each other, as illustrated on Chart I (e.g., 1927).

Winter-footwear production would frequently start before a sufficient number of girls were available from stitching. The production department was in doubt as to the possibility of leveling total production volume and balancing seasonal styles against each other. They objected that they would be unable to meet customers' delivery dates without sudden fluctuations of production or extension of usual seasonal limits. Furthermore, they argued that the weather played so important a part in determining

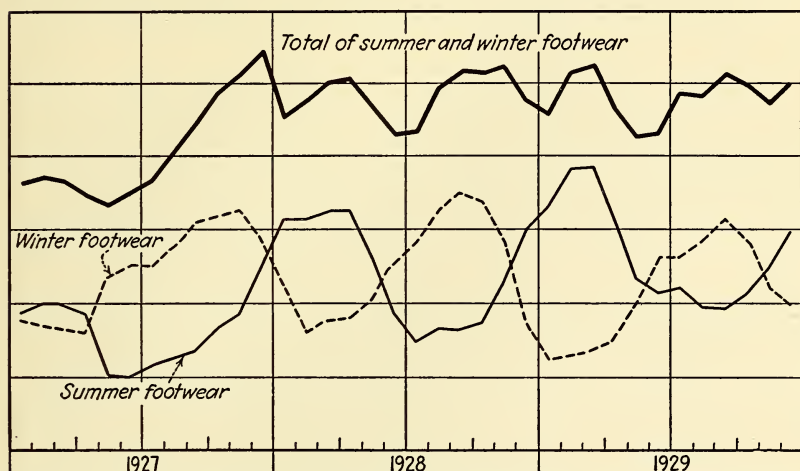


CHART I.—New Process Rubber Company, Inc., Production of summer and winter footwear (in terms of pairs of shoes), 1927-1929.

production volume that a severe winter or a very open winter or an early spring, would completely upset any attempt to maintain evenly balanced production.

Nevertheless, management decided to attempt production stabilization whereby decreases in volume of winter footwear might be balanced by increases of summer footwear. This program was instituted in 1934, with a resultant improvement in transfer or exchange of employees between operations of a similar nature. For instance, canvas shoemakers were also used to make winter or gaiter shoes; lasters on canvas shoes were transferred to lasting operations on rubber footwear. Such transfers called for a change in the method of handling different materials.

Lasting on canvas shoes involved handling a stiff and fairly rigid material that required a certain amount of pulling and stretching. Rubber material, on the other hand, was so flexible and delicate that any pulling stretched it out of shape. In changing from job to job, shoemakers had to show great adaptability. Sometimes the work with rubber material called for more delicate handling; at other times, the operations in canvas shoemaking required greater care. For example, a cementer of gum footwear merely swabbed the entire shoe with a bath of cement. With canvas shoes, however, cementing was a delicate operation requiring a steady hand in controlling the brush. The flow of cement had to be guided in an even line or else the shoe was ruined.

Though rated as semiskilled workers, shoemakers showed themselves exceedingly adaptable, and their transfer from one making department to another proved a great success. But this plan failed to take care of the large majority of stitchers whose trade was dissimilar to other available occupations. Stitching rated as a skilled trade where the acquired skill consisted in ability to control the feed of power stitching machines that were driven by large motors at high speed; a more difficult task than the operation of a low-powered electric sewing machine in the home. There were different machines for different operations, some machines had two or more needles instead of one. Stitchers, therefore, were not only skilled workers but specialists who in time had become proficient in one or more of various stitching operations such as: single or double needle eye-stay stitching, turn-in or cord vamping, quarter binding, counter stitching, binding and closing; in all, 35 different occupations.

Despite the dissimilarity in occupations, management decided in April, 1935, to experiment with the transfer of stitchers to shoemaking departments on hand-assembly conveyor operations. This attempt immediately aroused objections from both the employees and the plant supervisors and temporarily had to be abandoned.

Stitchers objected to the idea of changing their regular occupation. Their prestige was injured when they were moved from a job where they sat down to control a power machine to another job where they stood in front of a conveyor to perform some manual operation. They had a highly developed sense of job

proprietorship and were quick to identify themselves with certain machines. It was not unusual, for instance, for a former employee who started to work in a new season to request that she be placed at "her machine." It also happened that in case of machine failure, a stitcher, instead of transferring her work to another machine, preferred to wait while a maintenance man made necessary adjustments to "her machine." The following reaction was typical of many highly skilled stitchers during management's first attempt to effect a transfer from the stitching to the rubber footwear making department:

On Apr. 16, 1935, the employment manager approached Mary Valente, a highly skilled side-stay stitcher, on the subject of transfer.

RANDALL: As you know, Mary, our stitching work is commencing to fall off. We're anxious, however, to keep as many girls as possible. One way to do this is to transfer as many girls as possible to other work during the dull season on stitching. I know that you have the ability to learn other work. . . .

MARY: But surely, Mr. Randall, you're not going to transfer me?

RANDALL: Why not?

MARY: Why pick on me? I'm not on the layoff list, and according to my standing the ticket will have to go pretty low before I'm laid off. I'm a side-stay stitcher, and I know there's going to be plenty of my work for a while yet.

RANDALL: That's true enough, Mary, but if we can transfer you to another job that'll mean one less girl we'll have to lay off from the stitching department when the ticket drops.

MARY: You mean you'd transfer me and then put another girl on my machine? I don't call that fair. As long as my job is still here and my work is O.K., I don't see why you should give my job to somebody else whose qualifications are not as good as mine.

RANDALL: Here's the point, Mary. The idea in trying to transfer you now is to protect your employment throughout the year. The girls who remain in the stitching department will stand in greater danger of layoff as production continues to drop. And if you know more than one job, you will be even more valuable to the company.

MARY: I think I'd rather take my chances of a layoff. I can get a job in the necktie factory for the summer and then come back here when my job starts up in the fall.

RANDALL: That's possible, Mary. But we shan't rehire as many girls next fall if our transfer program works out. You see, the girls we transfer to other jobs will be available to return to stitching work in the fall and that's why the volume of hiring will be reduced.

MARY: Well, I don't think it will work, Mr. Randall. Of course, I don't like to see any of the girls laid off, but I don't see why I should take a shoemaking job that pays less money just to protect the employment of some of the other girls in this department. I'm a stitcher and I'm going to stay a stitcher even if I get laid off.

As indicated in Miss Valente's final statement, another obstacle to the transfer of stitchers was the fact that the basic wage rate on stitching operations was higher than that on any other job available by transfer.

Stitching supervisors sympathized with the attitude of the stitchers and were skeptical regarding the success of such transfers. They disliked releasing their most efficient girls for this experiment, since it was always necessary for production reasons to retain a nucleus of highly skilled girls. As production dropped in the stitching department, short-quantity orders for many differences in style became more frequent and required an extremely versatile stitching force.

Supervisors in shoemaking departments also were somewhat skeptical but were willing to make the experiment because of the notable success in intradepartmental transfers where shoemakers had been shifted back and forth between different types of shoemaking operations. Conveyor operators had easily adapted themselves to a variety of assembly jobs whenever different styles of footwear dictated that an operator should change from joining a back seam to applying a zipper or placing a gum binding, or some other operation involving the use of different materials and different methods.

In 1936, the first attempt was made to transfer stitchers to shoemaking jobs. There were many disappointing failures. These were partly due to a lack of confidence on the part of the girls themselves, because of the objections previously stated, and partly to the fact that the girls selected for the experiment were not as versatile as some who might have been transferred had stitching supervision been willing to release them. The number of failures was further increased because shoemaking supervision lacked the patience to retrain stitchers who progressed more slowly than other transferred girls with previous shoemaking experience.

In a transfer program where stitchers were being taught to make shoes, it was equally essential to teach shoemakers to stitch.

The supervisors of the stitching department resisted this part of the program. They could not see why they should retrain shoemakers when experienced stitchers could be hired from outside. They argued that it cost less to hire experienced stitchers, and that previous experience with power stitching machines was vital. The following was a typical reaction from a stitching supervisor who subsequently became one of the most enthusiastic advocates of the transfer system:

The employment manager went to Mr. Samson, superintendent of the stitching department, to arrange a program of transfers.

RANDALL: Sam, how many shoemakers do you believe you could take into your department this season and train on stitching jobs?

SAMSON: What do you mean, inexperienced girls?

RANDALL: Well, they're skilled shoemakers, but, of course, they never stitched before.

SAMSON: Why, man alive! I can't do that. D'you realize my production jumps from 5,000 pairs to 50,000 pairs in less than three months? Where would I get off at trying to teach shoemakers to stitch? I'd need extra machines, and floor space and instructors and extra training time. Think of the expense. I got hell for my training costs last year, and my girls were all experienced stitchers. You don't think I'm going to make that cost look any worse, do you?

RANDALL: I'm not asking you to take all inexperienced girls, Sam. My idea is to work into this stabilization program gradually. If we train a few girls each year we'll eventually reach a point when the girls will be interchangeable each season. It will cost something at first, that's true, but if we retain a good percentage of the girls we train we won't have to repeat the training expense another year.

SAMSON: It's a swell theory, Randall, but I've got to be practical. We can't teach gum shoemakers to stitch, I'd rather take green girls.

RANDALL: What's the advantage in that?

SAMSON: Well, you know as well as I do that shoemakers just slap things together and do all their work with their hands. When a thing doesn't fit they just give it a pull and yank it together. It won't do to have any of this yanking and pulling in my department. Stitching is delicate work and has to be just so. It's ten times easier to train a green girl whose work habits haven't yet been formed.

RANDALL: Do you realize that a large percent of our shoemakers are high-school graduates? Do you realize that many of them have already learned to perform from 10 to 15 shoemaking operations? We'll give you some of the most versatile girls we have. Try a

few as an experiment, Sam, and that will prove whether or not it will work.

SAMSON: You're not trying to tell me that Harry Murdock (superintendent, shoemaking department) is going to transfer some of his best girls out of the department?

RANDALL: Sure he will. He's most enthusiastic about the transfer program because he has demonstrated in his own department what can be done to develop versatility. He'll be willing to release some of his best workers not only to help you but to protect their employment and be sure of them next year.

SAMSON: All right . . . But let me tell you, Randall, when my boss tells me to take shoemakers, I'll take shoemakers, but until then, I'll take stitchers.

Another difficulty in the transfer of shoemakers to the stitching department was the temporary sacrifice of earning capacity during the period of retraining. Management was faced with the following paradox: some versatile girls in the shoemaking department were selected for transfer to the stitching department on the theory that they were considered most valuable to the company. In accepting this transfer these girls suffered a temporary loss in earning capacity, while girls who remained in the shoemaking department suffered no such loss.

Management remedied this condition by setting up a schedule of transfer pay guarantees to be active during the established training period on all jobs. This meant that every employee would have her earnings protected during any retraining period that was occasioned by transfer.

Shoemakers who had been transferred to stitching adapted themselves to the machine operations fully as quickly as many of the "experienced stitchers" who had been newly hired and who required a certain time to become acclimated to the plant and new working conditions. This practical demonstration convinced the supervisor of the stitching department that such retraining was feasible, and he no longer objected to the plan.

The other objections to the stabilization program were gradually overcome also. Stitchers began to appreciate the value of security of employment in terms of increased annual earnings. Furthermore, they even discovered that during the winter-footwear season their weekly earnings increased. They found that in the shoemaking department work was laid out in mechanized conveyor units, which permitted an unrestricted flow of work throughout an eight-hour day and a five-day week. In their

former stitching occupations (despite a higher base rate) the weekly earnings had frequently been less because of interruptions in the flow of work. One stitcher frequently had to wait while another stitcher completed her operation on a certain batch of work. Aside from such idle time in the course of a working day, there had been many days when the stitchers worked only six or seven hours because of the difficulty in scheduling the enormous number of individual stitching assignments. To make certain that the finished uppers were available, the production department generally allowed a safety margin in scheduling the work.

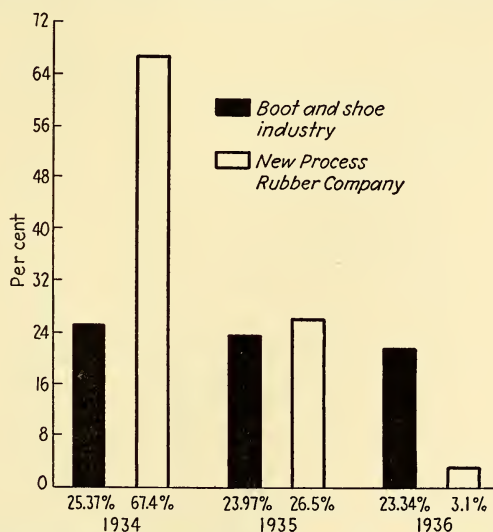


CHART II.—Labor turnover comparison between the New Process Rubber Company, Inc., and the boot and shoe industry, 1934-1936.

Figures for the boot and shoe industry taken from the *Monthly Labor Review* of the Board of Labor Statistics, United States Department of Labor, July, 1937, p. 162.

The following reaction was typical of many stitchers who had spent one season as successful shoemakers:

At the beginning of the stitching season in 1937, the employment manager approached Rita Anderson with the object of arranging a transfer back to the stitching department.

RANDALL: Well, Rita, we're nearing the end of the shoe season. How'd you like to go back to your old stitching job?

RITA: Well, I don't know, Mr. Randall. This has been a good job. I've earned more money on this job than I ever did on stitching.

RANDALL: You have? Isn't your rate on this job lower than on stitching?

RITA: Sure, it's a little lower, but you see, I don't lose time on this job. The conveyor has a full schedule of work every day, and I almost never have to wait, and I never go home early. So that's how I've earned more money. As far as stitching goes, I'll be glad to go back there if they'll give me a full ticket.

Reactions from other employees were as follows:

RANDALL: Well, Jennie, it's getting time to transfer again. What d'you say on a trip back to canvas shoes?

JENNIE: O.K., Mr. Randall, but d'you know, I was just thinking that I'd like to learn a new job, one that I've never done before such as stitching eyestays or binding quarters. I'd like to learn all I can. Could you fix it up for me?

Another girl did not wait for the employment manager to propose a transfer but appeared in the office of her own volition:

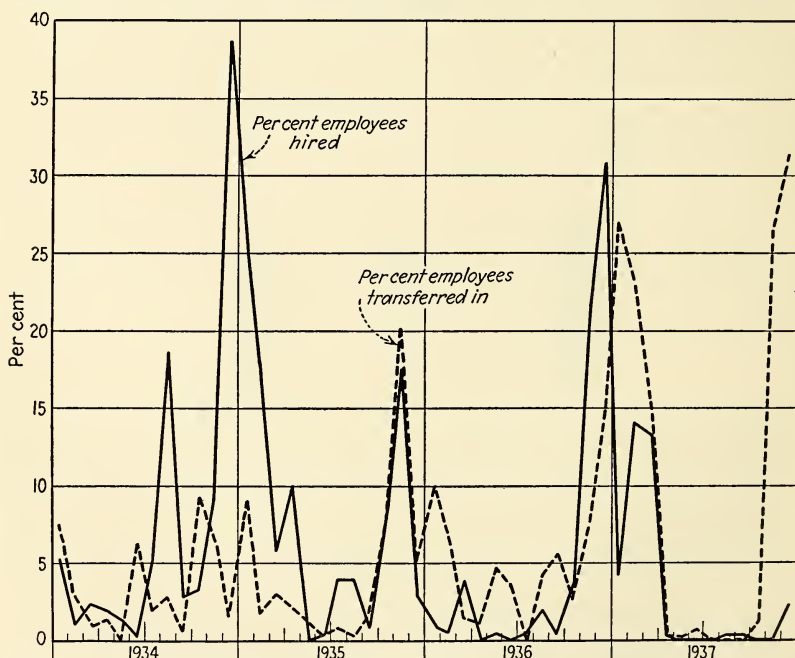


CHART III.—Stitching department labor trend, 1934–1937. Employees hired and transferred in New Process Rubber Company, Inc.

“I hear the ticket is going down on gaiters, Mr. Randall. When are you going to transfer me? I’m ready to go whenever you say the word, and the sooner the better, because I don’t want to get caught in a layoff.”

Chart II shows a comparison of the New Process Rubber Company's labor turnover figures with those of the boot and shoe industry as reported by the U.S. Bureau of Labor Statistics. The reduction in layoff percentage in 1936 to 3.1 per cent indicates a successful program of production scheduling and transfers.

Charts III and IV indicate the marked improvement in transfers to and from the stitching department.

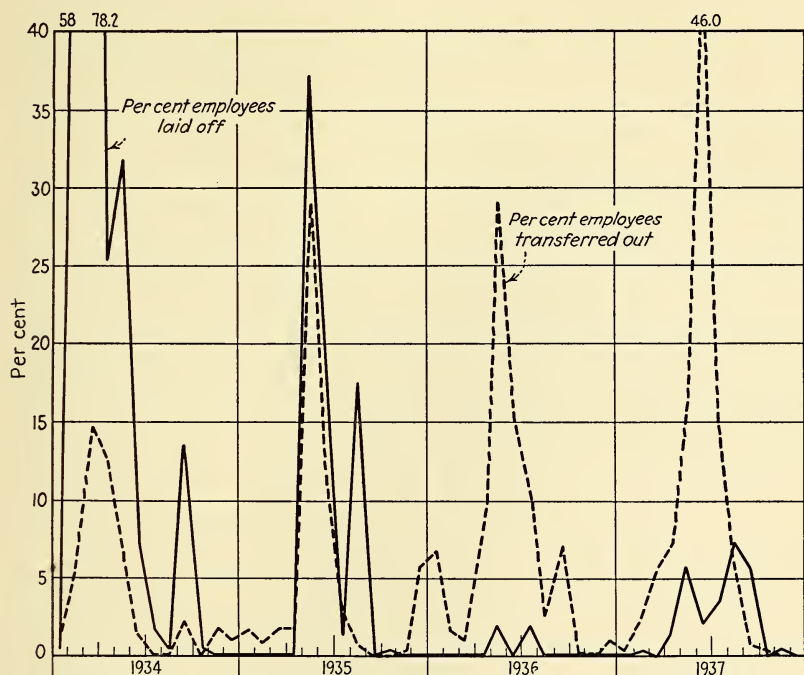


CHART IV.—Stitching department labor trend, 1934-1937. Employees laid off and transferred out, New Process Rubber Company, Inc.

In spite of the growing success of employment stabilization, two new problems arose in the mind of management. Turnover was so low as to threaten a condition of stagnation. Elimination of seasonal layoff made it difficult to remove the less capable employees from the company's employ, as had been the custom in the past. The least efficient employees, who nevertheless did not merit discharge, were the ones who ordinarily would be removed by a layoff. It was feared that these marginal employees whose jobs were now protected would become growing liabilities

over a period of years. In time, their length of service would protect them even though they failed to satisfy minimum company requirements.

Another problem arose because of the conflict between employment stabilization and a method for evaluating employees, which was part of the regular employment procedure. It had been agreed that in the event of decreased departmental production, where no transfers were available, layoff should be made in accordance with employee status so determined. It happened in 1937 that production in stitching and canvas-footwear-making departments had dropped to a point that was considered minimum production. These departments had, therefore, merely retained a nucleus of capable employees to handle the wide variety of styles still listed despite the small total volume. Unfortunately, sales orders did not hold up as forecast, and the minimum had to be dropped to a lower level. Therefore, in each department, the number of employees had to be decreased. The employees with the lowest standing in their respective groups suffered a lay-off. This occurred despite the fact that lower ranking employees had previously been transferred to other departments and had thereby been protected in their employment.

CASE 15. THE RINEHARD-COUGHLIN CASE

(Transfers into a department following increase of department activity. Transfer in.)

Characters:

MR. RINEHARD, supervisor of Department A.

MR. COUGHLIN, supervisor of Department W.

MR. RANDALL, employment manager.

In hiring and transferring employees, the employment manager at the New Process Rubber Company came in contact with many different types of foremen. At one time he was confronted with the following extremes: Mr. Rinehard was the supervisor of Department A, which was small and one in which style and seasonal changes occurred with comparative infrequency. The need for a scheduled program and production planning had, therefore, not been great. Operators worked on but one simple job throughout the season and had little opportunity to demonstrate adaptability or to acquire versatility. As a result they lacked the capacity to adjust to such changes as did occur within the department. This restricted the effectiveness of the department in meeting different production requirements.

Department W, in contrast to A, was a large department that was scattered about in several buildings and on different floors. The department was engaged in preparatory fitting or assembly of footwear parts for delivery to another department where final assembly or actual shoemaking took place. Partly because of inherent qualities, and partly because of the circumstances under which he was forced to work, Mr. Coughlin, the supervisor of Department W, had attained a constructive viewpoint on the matter of both hiring and transfers. He cooperated in every way to make the program of employment stabilization a success.

On June 10, 1937, David Rinehard came to see Mr. Randall with an employment requisition. He wanted two girls, one to be employed on a job stitching fleece linings; the other to work as a hand cementer applying rubber cement to the margin of linings. The following conversation took place:

RINEHARD: I've got to fill these two jobs tomorrow morning and I wish you'd hire Sally DeVecchi for the stitching job and Caterina DiMaggio for cementing. They worked for me before.

RANDALL: I remember those two girls, Dave. Sally DeVecchi was transferred from your department to the stitching department and we laid her off when the ticket dropped in February. She didn't make out so well in the stitching department. Her work was rather poor and she was among the first to be laid off.

RINEHARD: Well, I'll admit she's not a world-beater, but she knows this particular job and could start right in without any training expense. I've got to have production on that job right away, and an inexperienced girl would take time to learn.

RANDALL: Suppose I transfer an experienced stitcher, Dave?

RINEHARD: She wouldn't do me any good because she wouldn't know this particular job. She wouldn't be any good to me for at least a week and in the meantime I'd have to take off a regular girl for instruction and if I don't deliver to the making department there'll be hell to pay.

RANDALL: Couldn't you have anticipated this change?

RINEHARD: Hell, no. I didn't know a thing about it until this morning. They changed the listings on one of the making conveyors to meet a rush order. It doesn't affect the making department at all, because their operations are practically identical, but it makes my operations entirely different. I don't see why you should object to hiring this girl if I'm satisfied?

RANDALL: Well, here's the point, Dave. The stitching ticket is very low right now and we have a surplus of good stitchers. If we don't find work for them we'll just have to lay them off. They're capable girls who have a lot of experience on a variety of jobs. It doesn't seem good business to drop good girls like these and at the same time rehire a girl like Sally whose ability is very definitely limited. Why don't you let me give you two stitchers. They'll get your production out, and you can send either of them back to me as soon as the other is capable of handling the work alone.

RINEHARD: Why go to all that expense when I can get one girl to do the work? Besides, I've only got one machine. . . . I think we'll have to take Sally. I have a friend of hers working for me who lives on the same street. She could notify her tonight. That'll make it a lot easier for both you and me.

RANDALL: I think we can do better than that, Dave. D'you remember Mary Conly who used to case stock for you down in A-18?

RINEHARD: Yes. She's a good girl. But she never stitched linings, did she?

RANDALL: I think she did once at the United Rubber Company. She's working for John Coughlin now on machine cementing over in W-26. If John could release her. . . .

RINEHARD: Fat chance! John is loaded to the gills right now. That would put him in a hole, and besides, you'd still have your surplus stitchers to place.

RANDALL: No, I'd get John to take one of Sam's stitchers to replace Mary. Let me give him a ring.

(Calls foreman Coughlin on the phone.) Hello, John? Say, Dave Rinehard's in a hole. Could you let him have Mary Conly if we replace her with one of Sam's stitchers?

COUGHLIN: (Over the phone.) Absolutely no. Mary's my only raceway girl now because Nellie's out sick. I'll tell you what I can do, though. You can have Jennie Liccardi. She stitched linings all last season. She's good, too. And she's a crackerjack at hand cementing.

RANDALL: What's her point hour?

COUGHLIN: She's a 90 to 100 point operator. I'll tell you what. Let me have that little blonde kid that's working for Sam on toe-caps and Dave can have Jennie.

RANDALL: O.K. Hold the line just a minute.

(To Rinehard.) What d'you say, Dave? You can have Jennie Liccardi. She's an experienced lining stitcher, and she does 90 on hand cementing. You can use her on both jobs.

RINEHARD: Well, if she's as good as all that, I might get by without hiring a hand cementer.

RANDALL: Give it a try, Dave. I'm sure Jennie won't let you down.

RINEHARD: O.K.

RANDALL: (Over the phone to Coughlin.) Hello, John? All right. Send Jennie over when she finishes today and I'll get Greta Hanson for you. Thanks a lot.

(To Rinehard.) Jennie'll be there first thing tomorrow morning. I'll change your requisition to one girl.

RINEHARD: Fine . . . only, couldn't we do something for Sally DeVecchi and Caterina DiMaggio? They're really nice kids, and I sorta promised them a job.

CASE 16. THE KELLY-FLANAGAN CASE

(Production transfer following a decrease of departmental activity. Transfer out.)

When there was a decrease of production in any particular department, the foreman listed his surplus labor force as a preliminary step to layoff. If he found, for example, that he could dispense with the services of 10 men, he would select the 10 employees with the lowest standing in the department and send their names to the employment department. This served as a warning that unless other steps were taken, these 10 men would receive the stipulated one week layoff notice. The employment manager then consulted the foreman to determine whether there were any employees in the department who were qualified for transfer. Transfer was used in this way to protect the employment of able workers. Versatile employees might be transferred to other departments and so be assured of permanent employment. Incidentally, this policy tended to protect all workers, since every transfer out of the department reduced the number of names on the layoff list. If, after all possible transfers had been made, there still remained a surplus of workers, they would have to be dropped.

There was one technical exception to this procedure. It had happened that workers objected to being transferred on the ground that their job security was being endangered. They said in effect, we are being transferred to a new department and a new job where lack of experience makes it difficult for us to establish ourselves, since in the event of a layoff in the new department we are being compared with workers who have more experience. As a result we find ourselves on the layoff list. To remedy this situation, management made the following ruling: "In the event that an employee has a relatively low status due to departmental service of less than three months, his standing in his previous department, recorded at the time of his last transfer may be considered to establish his employment standing in the former department."

If it was found that any person scheduled for a layoff had been in the department less than three months, he was privileged to

return to his former department and resume his former standing. If his former status in this department was higher than that of others, he established his right to work in his previous job, thereby displacing a person of lower standing. This technical exception enabled management to protect the employment of the best qualified workers and operated as follows:

Mr. Kelly was employed in the packing department. On Sept. 3, 1937, Jones in this department was scheduled for layoff. Kelly, being more versatile, was selected for transfer to the winter footwear-assembly department, which needed additional workers, thereby enabling Jones to retain his job. For two months, Kelly worked in his new job as an outsole pressman. In November there was a sudden decrease in activity, necessitating a general reduction of labor force in the winter-footwear department. According to the layoff procedure, Kelly was among those with a low standing and would ordinarily be placed on the layoff list. But since Kelly had been in the department for only two months, he was allowed to return to the packing department, where he resumed his former status. The packing department, still being unable to absorb any more employees, then dropped Jones, who had previously been slated for layoff, management having done all it could to protect his employment.

The three-month limit in this procedure became an important factor as is illustrated by the following example:

The Example of Joseph Flanagan

In September, 1936, management instituted a drive to transfer men out of "boys'" jobs.¹ This affected Joseph Flanagan who was 23 years of age and had been employed for five years in the molding department as a light mallet and die stamper, cutting out ankle patches for canvas shoes. Flanagan was transferred to the cutting department as a heavy stamper, which was classified as a man's job. He worked in this department for 14 months.

¹ The New Process Rubber Company had certain jobs that were extremely unskilled but not considered fit for girls because of working conditions (lifting heavy materials, etc.). The work was simple and rated low pay. For this reason, young men without any previous experience or particular qualifications were hired. These jobs were known as "boys'" jobs even though the company did not employ anyone under eighteen years of age. During the depression there had been no opportunity for promotion, and many of the young men doing "boys'" work had come of age and been married. Despite this fact, any employee doing this kind of work was considered a "boy." Management decided to transfer men out of "boys'" jobs to give them an opportunity to do higher paid work.

Despite the fact that he did satisfactory work, he had the lowest standing in the department. Therefore, in November, 1937, when departmental activity dropped, Flanagan's name was put on the layoff list. Flanagan appealed to Hennessy, his representative, to petition the employment department that he should be returned to his old job. He argued that his employment should be protected, since if he had stayed on the old job he would not have been on the layoff list. Furthermore, he had recently married and needed the work.

The representative, James Hennessy, called upon the industrial relations manager, who made an appointment for him to see the employment manager on the following day. Meanwhile the employment manager investigated the situation, going through Flanagan's past history and interviewing the foreman of his previous department. The foreman was sympathetic to the idea of transferring Flanagan back to his department, despite the fact that Flanagan had been in the new department for 14 months and that his former job no longer existed on account of a change in manufacturing process. The employment manager, however, stressed the importance of adhering to company policy and decided against such a transfer.

The next morning, Representative Hennessy came to see the employment manager.

Characters:

MR. HENNESSY, union representative.

MR. O'REILLY, foreman of the molding department.

MR. RANDALL, employment manager.

HENNESSY: Did you know that Flanagan is scheduled to be laid off?

RANDALL: Yes, I have his name on the cutting department layoff list.

HENNESSY: Aren't you going to transfer the poor boy back to the molding department?

RANDALL: I'm sorry, James, but we can't do that for several reasons.

In the first place, he has been in the cutting department for 14 months, which is ample time to enable him to establish a fair status. As you know, it is only in cases of less than three months that we consider the reinstatement of a man in his former department. During the period since Flanagan has been transferred we've had more than 2,000 people transferred between departments. It's obviously impossible to put this number of transfers in reverse, and yet, if Flanagan were to be considered for such a transfer, there's no reason why every one of these transfers should

not also be reviewed for the same purpose. In addition to this, the job on which Flanagan was previously employed no longer exists. We don't stamp ankle patches any more. They are now molded on the uppers in the stitching department. Furthermore, the molding department has suffered the heaviest layoff of any department in the plant the last few weeks despite the fact that we have reduced them to a three-day schedule in order to spread the work.

HENNESSY: I still think that Flanagan would have a better standing than any of the boys still in the molding department and should be allowed to go back. It wasn't fair in the first place to put the boy into a department with a bunch of long-service men where he doesn't stand any show in making a place for himself. He's married now and deserves a job of some sort in the molding department much more than some of the kids who are still working there.

RANDALL: Well, James, we've got to keep in mind that Flanagan is only one of a number of men that are being laid off in the cutting department. If we should make such a transfer they could rightfully feel that they should receive similar consideration which I know, and you know, is definitely impossible. I feel, therefore, that we're taking the only wise stand by adhering strictly to our policy. I'm sorry, but we simply cannot transfer Flanagan.

HENNESSY: All right, if that's the answer. I'm not satisfied with it, but I'll tell Flanagan that I've done all I could for him.

After Flanagan had been told by Hennessy that he could not be transferred, Flanagan, on his own initiative, interviewed the foreman of the molding department. He managed to give the foreman the impression that he had been authorized to see him regarding a possible transfer and so was promised a job cementing small parts at a low rate of pay.

The next morning, Patrick O'Reilly, the foreman of the molding department called on the employment manager to inform him of the transfer arrangement.

O'REILLY: I'm sorry, Randall, but the only job I could give Flanagan was that of cementing insoles. It doesn't pay very much but is better than nothing, and as long as he's satisfied I told him he could start in next Monday morning.

RANDALL: Just a minute, Pat, what are you talking about? Didn't I tell you definitely, day before yesterday, that Flanagan would not be transferred?

O'REILLY: Well, that's what I thought you said, but when Flanagan came down to see me I supposed you must've sent him. I tried to get you on the phone but you were out and one of your girls answered. I asked her what she knew about Flanagan's transfer, and she said she would look through the transfer cards on your desk. Then she came back and said that Flanagan's transfer card

had not come through yet. So I took it for granted that the transfer was O.K.

RANDALL: It most decidedly is not O.K., Pat, and I'll have to fix this right away. You'd stir up a fine mess in your place by bringing in a man after all the people you dropped in the past week.

O'REILLY: Well, I'll admit it doesn't look so good.

RANDALL: Well, you forget about it, and I'll fix it up.

The employment manager then went to the cutting department and found that the atmosphere in this place was tense. He explained the situation to the foreman who was much relieved and said: "You know, Randall, I couldn't understand what was happening around here when I came in this morning. Half the men were sore at each other and weren't on speaking terms. Jackman, one of the workers on the layoff list, walked over to the representative and gave him the 'razzberry,' practically spitting into his face. I see now that the men were only sore because they thought that Flanagan had been given preference while the others were going out."

Flanagan was called into the foreman's office and told that the transfer had not been authorized and could not be effected. Mr. Randall then talked to Representative Hennessy and explained the situation to him. Hennessy was tremendously relieved because he had been besieged all morning by dissatisfied employees on the layoff list who wanted to know why they couldn't be transferred also. He stated that Flanagan had actually thumbed his nose at him on coming to work that morning, saying: "You're a hell-of-a-representative. You claim you had been to headquarters for me and that I couldn't be transferred. Well, let me inform you, *Mr.* Representative, I'm to be transferred back to my old department next Monday morning. What d'you think o'that?" Hennessy went on to say: "Much as I hated to accept your decision, Mr. Randall, I did accept it feeling that I had received it from an authoritative source. I'm certainly glad now that the transfer's not going through, because it would make me look a terrible piker."

SECTION III

EMPLOYEE RATING AND LAYOFF PROCEDURE

CASE 17. TENTATIVE PROCEDURE OF EMPLOYEE EVALUATION AT THE NEW PROCESS RUBBER COMPANY, INC.

The last decade has seen a steady increase in the practice of making periodic appraisals of individual employees, their progress, and value to the company. By means of a systematic rating procedure, management has tried to obtain a better knowledge of their employees and to devise a tool that should provide factual information to be used in arranging transfers, promotions, and layoffs.

During the early months of 1937, the management of the New Process Rubber Company considered the introduction of an employee rating system and on Mar. 12, 1937, instructed the employment manager to study readily accessible procedures and, with this experience as a guide, to draw up a tentative system. In accordance with this assignment, the employment manager conducted an explorative survey of rating procedures in 10 companies¹ and secured the following information. Not one of the 10 companies studied was entirely satisfied with the techniques that had been developed and the results that were obtained. Some of them, in fact, were greatly disappointed and nearly ready to conclude that employee rating systems created more problems than acceptable results.

There were two major procedures in employee evaluation: either (1) all employees in one department who were engaged in similar work were compared with each other, or (2) each employee was considered separately and rated against an ideal. In some cases both methods were used by different raters in the same company.

The customary procedure in the first instance was as follows: The rater (usually the foreman) laid out the rating sheets for all operators on similar jobs. He then selected the employees having

¹ We are not at liberty to present sample rating sheets and forms of personal analysis, since the companies studied were still experimenting with these schemes and did not wish to be identified.

the highest and lowest value as regards any particular factor. The other members of the group were then graded in between these two extremes.

In the second case, the rater considered all factors in sequence with reference to any particular employee and rated this individual against an ideal conception of any trait in question.

This difference in rating procedure led to many complications. Depending on what procedure was adopted, foremen differed in their conception of what was meant by "highest" and "lowest." Assuming that a trait was rated in a scale of 10, the foreman rating against an ideal seldom used the ratings 10 or 0; while another foreman who rated a group of employees on a comparative basis habitually gave the rating 10 to the "best" man in the group, regardless of ideal qualifications. There were no objections to this interdepartmental diversity of practice when ratings were only used for comparison within the group. But, when each man's rating was recorded as a part of his employment record, and when this record was used for layoff considerations, promotion, or transfer, definite harm was done. For it meant that an employee's rating in various departments would measure his general value to the company and compare him with every other employee in the plant. Consequently, in fairness to the employee it was essential that a uniform objective rating procedure be used throughout the plant. An employee was considerably puzzled and disturbed, for example, when in one department a foreman rating on a comparative basis gave him a score of 90, while, upon transfer to another department, the new foreman, who compared the employee with a new group or rated against an ideal, merely gave him a score of 70.

In general it was found that foremen who rated on a comparative basis were more lenient in their evaluations than foremen who rated against an ideal. The latter, especially if they had many employees, frequently argued that any given scale offered them insufficient range to make accurate differentiations. To remedy this they adopted the practice of interpolating grades, for example, allowing one or two extra steps between "fair" and "good." This procedure led to a more rigid analysis of qualifications.

A similar problem arose when an employee had worked in different sections of one department and it was necessary to

establish a rating that required the judgment of two or more raters. The common practice was to bring the various raters together, discuss each case, and then arrive at a common agreement. In some instances, however, each foreman rated independently, and the supervisor then averaged the results. The latter procedure often resulted in rating values that were expressed in decimals, thereby multiplying the classifications under any particular factor ten times.

In the 10 companies studied, it was management practice to issue copies of all systems, such as employee rating for instance, to division superintendents and department heads. This meant that section foremen and their assistants who did the actual rating were not included in the distribution. It was expected that each supervisor, in case of need, would consult the copies on file in the office of his department head. In practice, however, most of this information was passed down the line verbally. This led to misunderstandings of rating and layoff procedure.

For example, section foremen and their assistants were supplied with copies of the rating sheet. Brief instructions for the use of these sheets were generally printed on the back of each sheet. It happened, however, that in some instances these instructions needed to be supplemented by information contained in the detailed system on employee rating. The following case gives an example:

The Example of Miss Lombardi

Miss Lombardi had been transferred from the rotor department to core assembly. She was employed there as a balancer for six weeks. On Nov. 12, 1936, her name was forwarded to the employment department on the layoff list. In view of her short department service, the employment manager arranged a transfer back to the rotor department. This action was protested by the foreman of the rotor department on the ground that he had no work for her to do. The employment manager pointed out that under the employee rating system, Miss Lombardi was entitled to such consideration. The foreman replied that he was not aware of such a ruling and insisted that the instructions as listed on the back of the rating sheet made no mention of such procedure. The employment manager then showed him the ruling as stated in Par. 10 of the system governing employee rating:

"In the event that an employee rates low due to short departmental service of less than three months, his rating in his previous department recorded at the time of his last transfer, may be considered to establish his employment preference in the former department."

He explained that it was not surprising that the foreman had forgotten its existence, since to date there had been little occasion to apply this provision, because few layoffs had been necessary since the inception of the system.

In all cases where employee rating was studied there were frequent differences of opinion regarding the interpretation of factors listed on the rating sheet. For instance, many foremen differed in their evaluation of employees with reference to "quality standards." Some foremen were of the opinion that "quality" referred only to quality of work, a result that was measured in terms of the product. Other foremen, however, adopted a broader definition of quality by looking not only at quality of work but also at quality of workmanship as measured by the employee's use, maintenance, and care of machines and tools.

Particularly troublesome was the interpretation of personality factors such as "conduct," "cooperation," and "mental attitude," the rating of which required judgment and was supported by impressions and incidental observations rather than by routine records and regular factual information. In one case, "conduct" had been defined as an "employee's behavior and deportment." Many foremen were at a loss how to rate this factor and requested that they be provided with illustrative examples. A subcommittee appointed by the personnel manager finally furnished them with the questionnaire, shown on p. 103, which was to aid the foreman in grading his employees on conduct.

Similar questionnaires were eventually provided for other personality factors. This markedly increased the paper work connected with each employee rating.

Another difficulty concerned the appropriate weighting of factors on the rating sheet. Employees questioned supervision's judgment on intangible personality factors and were of the opinion that the assignment of different weights to various factors was wholly arbitrary and unfair. In view of such controversies it was generally agreed that rating sheets and procedures should be as simple as possible.

All concerns using employee rating systems agreed that whenever possible, factors on the rating sheet should be of such a nature that scoring could be done by referring to factual and routine records. It was important, however, to consider carefully what routine records could safely be utilized to supply information for rating purposes. One company, for instance, had adopted the practice of drawing upon "Reports of Minor Accidents" in rating their employees on general attitude. When this practice became known, employees feared that they might be penalized for reporting minor accidents and stopped making such reports. This reaction entirely negated the splendid results that had been

PROPOSED QUESTIONNAIRE

	Answer	Points
1. Is this person one who does not play pranks that might endanger other workers?.....	Yes	1
2. Does this person perform his work without being unnecessarily noisy?.....	Yes	1
3. Does this person refrain from using objectionable language on the job?.....	Yes	1
4. Is this person always willing to carry out instructions and requirements of job?.....	Yes	1
5. Is this person always willing to try new methods?.....	Yes	1
6. Does this person use a helpful attitude in notifying supervision regarding conditions that require attention?.....	Yes	1
7. Does this person call to attention of supervision defective work received?.....	Yes	1
8. Is this person one who does not offer excuses or alibis to avoid accepting his proper responsibilities?.....	Yes	1
9. Does this person get along unusually well with other workers?	Yes	1
10. <i>Regulations governing serious misconduct:</i>		

Any serious violation of the rules of conduct involving intemperance, dishonesty, or other misconduct not covered by the above questions shall justify in addition to proper disciplinary action, penalty, or discharge, a deduction of five points from the employee's current rating on conduct. Such action, however, shall be taken only after review and approval by the Manager of Industrial Relations.

obtained by the safety engineer in his campaign to prevent accidents and to establish statistical information with reference to the causes of minor accidents.

It was also found important to consider carefully the time and circumstances under which employees were rated. For example, all companies were agreed that it was inadvisable to rate employees during the time of actual layoff. Ratings could be discussed most satisfactorily when no decision was impending. Furthermore, talks with employees concerning unsatisfactory service records were beneficial only when there was a possibility of effecting some adjustment. The following example illustrates this point:

The Hogan Example

Mr. Hogan's name had been put on the layoff list and he was given the customary one week's notice. He had been regarded as an exceedingly able employee and had recently been transferred in order to protect his employment. Owing to a decrease of production in the new department he was laid off. Mr. Hogan complained. His superintendent chose this time to have a heart-to-heart talk with him and analyze some of his deficiencies as indicated by the man's rating sheet. Mr. Hogan had never been criticized before and he seemed both startled and indignant. In view of his imminent layoff he felt that further employment opportunities with the company in question were jeopardized, and he became so hysterical that medical attention was required. The personnel manager learned of his case and was able to reassure Mr. Hogan. At the first opportunity, Mr. Hogan was rehired and given an opportunity to demonstrate that he could successfully overcome certain aggressive personal characteristics. His subsequent record with the company was excellent.

The employment manager, having completed his explorative survey, submitted the following plan to the vice-president for his consideration and approval.

STANDARD PRACTICE. SYSTEM 22-101
FACTORY PAYROLL EMPLOYEE SERVICE RATING SHEET

1. *General Purpose.* The purpose of this system is to establish a uniform procedure to determine equable service ratings for all clock-card employees, such service ratings to determine order of layoff within the department in the event of decreased production and preference in cases of promotion or transfer.

The system is to provide management with a tool to measure an individual's value to the company and give employees an incentive to build up a merit rating.

The rating scale offers management the possibility of offsetting a small service differential by exceptional merit on the part of individual employees. It protects workers who have attained long service and acts as a constant reminder to foremen that they have definite training and leadership responsibilities. As the difference in length of service increases, the scale tends to become inoperative. Therefore, management through its first-line representatives must make sure that cases of marginal¹ employees are detected early.

¹ Marginal employees are workers who are not inefficient enough to be discharged but who seem to be without sufficient positive qualities to recommend themselves

2. *Procedure.* a. An employee rating sheet shall be recorded for each employee on the Factory Payroll. This employee rating sheet is to be filed in the department in which an employee works *within* three months following the entrance of the employee into the department. Rerating of all employees in a department should be made on a new sheet at least every six months. An effort will be made to establish these ratings at a time of maximum departmental employment and to avoid rating during a period of actual lay-off. New employees may be rated between regular rating periods.

b. Comparison of Service Ratings shall be confined to employees engaged on similar work in the same department, and rated by the same foreman. In the event of lay-off caused by decreased production, employees having the lowest total credit points in the same department will be laid off.

c. It is the policy of the company, whenever possible, to give employees notice of lay-off one week before lay-off occurs. This means seven calendar days before the employee is paid off. It also means that during the seven calendar days after notice of lay-off an employee shall receive an amount of work equivalent to that currently scheduled for one week in the department where the lay-off occurs.

d. Department supervision must provide the Employment Department with a list of any employees to be laid off, one week in advance of anticipated cancellation.

e. In the event that an employee rates low due to short departmental service of less than three months, his rating in his previous department recorded at the time of his last transfer, may be considered to establish employment preference in the former department.

f. If any act or performance of an employee warrants an alteration in his rating sheet, a correction may be made on the old sheet by adding the new values under the proper headings. (In such a case, old values may be crossed out but not erased.) Likewise, any change of status occurring between rating periods will be noted on the rating sheets as soon as brought to the attention of supervision. Supervision should notify an employee at the time any such change is made.

g. No change will be made on any rating sheet without the knowledge of the person whose name appears on the front of the sheet, as the original rater, that is "Rated by _____."

h. Copies of the employee rating sheet together with instructions covering its use, are posted in all departments and are available to all employees.

i. All employees are free to see and to question these Service Ratings at any time.

j. Copies of the system concerning "Factory Payroll Employee Rating Sheet" shall be distributed to all first line representatives who do the actual rating.

favorably to management. When production is high and workers are in demand, these employees tend to drift from one department to another, each foreman in turn "passing the buck" to someone else.

k. Any questions regarding the use of the rating sheet or interpretations pertaining thereto should be referred to the employment manager who acts as a central authority to standardize and co-ordinate the use of employee rating sheets throughout the plant.

EMPLOYEE SERVICE RATING

Name _____ Dep't _____ No. _____

Present Job _____ Date _____

Rated by _____

Approved by _____

The service rating measures each employee according to the length and value of his service. Each employee is to receive one credit point for each year of service and one additional credit point for each question that can be answered in the affirmative.

CREDIT POINTS

1. *Accumulated Service.* (One point for each year) _____ ☐
2. *Attendance.* Is the employee prompt and regular in attendance? _____ ☐
3. *Quantity of Work.* Does this employee regularly maintain or exceed the standard production quota? _____ ☐
4. *Quality of Work.* Does this employee's work meet quality standards with little or no spoiled work? _____ ☐
5. *Quality of Workmanship.* Does this employee keep his work place, equipment, tools, and machines in good order and condition? _____ ☐
6. *Job Knowledge.* Is this employee able to fill more than one major job in this plant? (From Job Classification Sheet.) _____ ☐
7. *Ability to Learn.* Has this employee learned new work within the expected time? _____ ☐
8. *Adaptability.* Can this employee readily adjust to radical changes in job requirements? _____ ☐
9. *Skill.* Can this employee perform a highly skilled job with apparent ease and dexterity? _____ ☐
10. *Dependability.* Is this employee thoroughly trustworthy and dependable in the absence of supervision? _____ ☐
12. *Attitude.* Does this employee express a helpful attitude in notifying supervision regarding conditions that require attention? _____ ☐
13. *Cooperation.* Is this employee always willing to carry out instructions and requirements of the job? _____ ☐
14. *Conduct.* Does this employee refrain from using objectionable language on the job? _____ ☐
15. *Behavior.* Is this employee one who does not play pranks that endanger or embarrass other workers? _____ ☐

TOTAL SCORE: _____

1. The Employment Department shall also audit rating sheet records as kept in different departments and notify any departments that fail to re-rate on their established rating dates.

See Rating Sheet on p. 106 and instructions thereon.

GENERAL INSTRUCTIONS

The Service Rating Sheet is divided into four sections and should be filled out from beginning to end for each employee separately.

1. *Service.* This rating is based on factual information that will be supplied by the Employment Department.

2. *Items 2-7.* These factors are measured by data given on routine records such as:

Attendance records

Time slips and pay-roll sheets

Inspection slips

Maintenance expense accounts

Job-classification sheet

Training schedules and instructor's report

3. *Items 8-11.* The scoring of these factors is to some extent dependent on the above factual records but involves individual observation and the exercise of judgment on the part of the supervisor.

4. *Personality Factors 12-15.* These ratings are wholly a matter of judgment and the rater's impression of the employee in question.

The factors on the Service Rating Sheet range from strictly objective and quantitative data to evaluation based on observation and judgment. As the rater proceeds from one extreme to the other he will find that individual factors are interrelated. Furthermore, the information already recorded in the upper brackets will help the rater in evaluating the subsequent factors. It is, therefore, essential that the items are rated in the sequence in which they occur.

CASE 18. THE CASE OF SERVICE SHOE ELAINE

(Difficulty of safeguarding the employment of a specially qualified employee.)

Characters:

MR. RHINELANDER, Supervisor of the service shoe department.

MR. BOOKMAN, supervisor of the pay-roll department.

MR. RANDALL, employment manager.

Miss Elaine Plevnow was employed as a clerk and comptometer operator in a factory department office. She had only one year's service but during this time had identified herself with the department, so much so that throughout the factory she was known as "Service Shoe Elaine." In clerical activities she was the point of contact with other factory offices and such main offices as standards, employment, pay roll, production scheduling, etc. Her nickname, "Service Shoe Elaine," was derived from her customary telephone greeting: "Good morning, Service Shoe."

Within the service shoe department, Miss Plevnow had daily occasion to talk to every employee. She prepared the preliminary statement of each operator's output on which earnings were based and checked the records if there were complaints with regard to pay-roll credit. Her position required tact and an objective temperament. The supervisor of the department considered that at least a year of training was essential to prepare a qualified employee for this kind of work.

Service shoe production was customarily carried on in two separate sections, which were located in different parts of the building. Section A took the peak load of production and was closed down whenever production dropped below a certain minimum, the work then being consolidated in Section B. Early in November, 1937, this change had to be put into effect and required the closing of the office in Section A. Miss Plevnow's name was placed on the layoff list. Mr. Rhineland, the supervisor of the service shoe department, appealed to the employment manager:

RHINELANDER: Look here, Gordon, I should think we ought to do something for Service Shoe Elaine. Can't we find a job for her in the

main office? It doesn't seem good business to let her go just when we've succeeded in training her for the job. That might have been all right in the old days when we had no employment department or industrial relations policy. But in the light of what we know now, it seems obvious to me that if we use our heads at all we're not going to drop such a good employee just because her present job has shut down. We're sure to need her again and if we lay her off now we might lose her for good.

RANDALL: I agree absolutely, Dick, so far as the principle of your proposal is concerned. But the problem we're faced with is the question of displacing some one else to make room for her.

RHINELANDER: I can't see the logic in that. You know very well that we have many dime-a-dozen clerks employed on the simplest of clerical operations that hardly require any training at all. Many of these clerks have only been here a short time, too. Service Shoe Elaine is ten times more valuable to us than any one of these clerks. It seems almost an insult to Elaine to offer her such a job at all, but I suppose, she'll agree that temporarily it's better than nothing.

RANDALL: Well, why don't we get Bookman down here and put the proposition up to him?

RHINELANDER: O.K., that's an idea.

The employment manager called Bookman on the phone and was able to arrange an immediate meeting. When Bookman had seated himself, Randall, as the employment manager, took the initiative in stating the situation:

RANDALL: Jack, Dick has just been telling me of one of his difficulties in the present layoff. He's closing one of the service shoe offices and hasn't any job for Service Shoe Elaine.

BOOKMAN: Tough luck. She's certainly the type for that kind of work.

RANDALL: That's just it. We all realize she's a capable girl, and it seems a shame to drop her if we can find any way to protect her employment. You know her abilities from your contact with her. Why couldn't you take her on as a comptometer operator and drop one of your girls who is doing some simple job and has less service than Elaine?

BOOKMAN: That isn't as easy as you think. How am I going to justify displacing one of my girls when she knows very well that her job isn't affected by the service shoe drop?

RANDALL: Well, we have to think of the company as a whole. Surely, it's bad business to spend a year training a girl like Service Shoe Elaine and just when she makes good drop her because we can't see our way clear to lay off a clerk who could be trained in a week.

BOOKMAN: It isn't only the girl. I have to think of the other clerks as well. You know very well they would be up in arms if the main office showed a preference to a factory girl.

RHINELANDER: You can hardly call Service Shoe Elaine a factory girl. She's a clerk as well as the others, and, besides, she gets on swell with the pay-roll girls.

BOOKMAN: That may be so, but wait till she "bumps" one of them.

RANDALL: Oh, I'm sure it could be handled all right. After all, the company has quite a stake in this proposition. We just *can't* afford to let a well-trained girl like Elaine go.

BOOKMAN: But why pick on me? Why should I protect her employment at the expense of my own department? I take a big chance upsetting my whole gang and all for what? Eventually Service Shoe Elaine will be returned to the factory at no cost to them and I'll have to train a new comptometer operator. No, thanks. I'm sorry to see the girl go, but I don't see what I can do about it.

CASE 19. THE BAXTER CASE

(Mr. Baxter's layoff brought to light curious social complications. Baxter's foreman was his tenant.)

Characters:

MR. BAXTER, toolmaker at the National Manufacturing Company.

MR. AVERY, supervisor of industrial relations.

MR. MASTERS, foreman, manufacturing division.

On Sept. 15, 1937, Mr. Baxter came to see Mr. Avery.

BAXTER: I've been laid off, and I would like to find out if you can do anything to help me. Other people in the department have less service, and according to the union I'm supposed to have seniority.

AVERY: I am sorry to hear you've been laid off, Baxter. But as far as seniority is concerned, we have no such agreement with the union. All we have is an understanding that service will be considered, provided all other things are equal, such as ability, versatility, and so on.

BAXTER: Well, I think there's something personal about this, and I don't like it. I don't give a damn about the job, because I can get a job somewhere else. But I just don't think it's fair.

AVERY: Well, not knowing what the facts are, I can't pass any judgment. But I'll be glad to give you a hearing if you give me time to look into this first.

BAXTER: All right. I wish you would.

The next day, Baxter came back to the industrial relations office:

BAXTER: Well, I got the gate.

AVERY: What do you mean you got the gate?

BAXTER: Masters just told me that there was no work and I was to see the employment department. He said he had no further use for me. Now what?

AVERY: I'll see if I can contact Masters. Or would you rather have me talk to the superintendent before we talk to the foreman? Maybe we can work this out without your getting into a squabble with Masters.

BAXTER: I don't care who we talk to, we can't avoid a squabble with Masters anyway.

AVERY: All right, I'll call Masters. (Called Foreman Masters on the telephone and asked him to step into the office for a moment. Masters was able to come immediately.)

Hello, Bill. You know Baxter, don't you?

MASTERS: Sure, I know him. He worked for me, and I laid him off today.

AVERY: Well, he's entered a complaint saying he hasn't been treated fairly in the layoff, and I'd just like to have you go over this with me.

MASTERS: There's nothing to tell. He's got the shortest service, and I had to let him go.

BAXTER: There are plenty of others in the shop with shorter service.

MASTERS: Not toolmakers. There may be some lathe hands and die makers who have less service than you, but not toolmakers.

BAXTER: Well, what of it, can't I do lathe work?

MASTERS: That's for me to decide. I'm keeping the fellows who can do my work. There's nothing personal. You're a good toolmaker, I'll say that for you any day, but you haven't been on a lathe for a long while. And you can't do die work, now, can you?

(To Avery): Now here's a list of my toolmakers and their years of service. You can see for yourself that Baxter has been laid off according to seniority.

BAXTER: (To Masters) How would you like to get bounced after eight years of service?

MASTERS: That's beside the point. I know it's hard, but still, I've got to run my department.

BAXTER: (half to Masters and half to himself) Well, I never could get along with you anyway. I don't know why in hell I ever let you have my house.

AVERY: Wait a minute, fellows. What's all this? Don't let's get into personalities.

BAXTER: Well, I didn't want to bring it in, but why can't Masters pay his rent? He makes plenty of money, more than I do. But. . .

AVERY: Now, quit chasing up side alleys, Baxter. So far as I can see, whether Masters pay his rent or not has nothing to do with your layoff. That's his business.

MASTERS: And I'll keep it so.

(To Baxter) As I told you before, I'm not going to pay you any rent until you fix up the house.

BAXTER: Oh, yes, you are. I've just put through a sheriff's attachment. If you don't pay, it's going to be all over the shop.

AVERY: Now wait a minute, fellows, will you? This thing is getting too personal. But since both of you want to talk about it, let's see if we can't work it out.

(To Masters) I shouldn't like to see a wage attachment brought in against you, Bill. You know as well as I do that sort of thing wouldn't do you any good here.

BAXTER: It's coming in though. He owes me six months' rent already and there's no reason why he can't pay. It's only \$25 a month. Besides, if he doesn't like the place, why doesn't he get out? I ordered him to move Sept. 1, but he won't go. I had already told another fellow he could have the place, and he gave notice to his landlord. But Masters won't move. In all the five years he's

been in my house he's never paid the rent on time and I'm sick of it.

AVERY: Well, Bill, after all, this is for you to settle. I don't want to interfere in your personal affairs. On the other hand, I might be forced to do so if Baxter brings in a wage attachment. I wish you could straighten this out somehow.

MASTERS: Oh, there's nothing to it. He's only bringing this stuff up because he's got the gate.

AVERY: Now Bill, one thing at a time, please. Both of you insisted on talking about the house situation and there seems to be no doubt that Baxter is your landlord. As such he has a right to claim his rent. You're in a tough spot, Bill, particularly since Baxter is an employee of yours.

BAXTER: Well, he's going to pay me, if I have to force him to.

MASTERS: All right, Baxter. I'll see that you'll get your money. But you're going to wait for it.

AVERY: Well, Bill, since you admit you owe Baxter the rent money, I think you ought to pay it now. If you don't, you're going to get into a nasty mess. It'll only cost you more money in the end, what with sheriff's and lawyer's fees. I suggest that you fellows get together and straighten this thing out. Then come back and see me.

MASTERS: O.K.

Both Masters and Baxter left the office. The next morning, Baxter returned:

BAXTER: I'm sorry to take up so much of your time with my private troubles, Mr. Avery. I know I shouldn't have brought up the rent question, but it was bothering me, and I couldn't help feeling that Masters laid me off out of spite. But let that go. As far as the rent is concerned, we're in the clear. I just want to tell you that this is all settled. Right after our meeting yesterday, Masters called up his wife and she paid my wife the rent. We're going to let them stay on in the house.

AVERY: Well, I'm glad you've got that straightened out. With the rent business settled, maybe we can put our whole mind on the layoff question.

BAXTER: Thanks a lot, Mr. Avery, but I've decided that I don't want to stay here anyway. I don't want to go on working for that guy. I've nothing against the company but I think it's best for all concerned that I leave. I got myself another job and everything is all right. I only want to make sure that there are no hard feelings, and, if I should want to, I could come back and talk to you about a job.

AVERY: You certainly can, and if you ever do need a job I hope I can fix you up. You've had a good record with us, and as soon as things pick up again we can always use men with your skill.

BAXTER: That's all I want to know. Thanks for everything.

CASE 20. THE CASE OF PIERRE RENAULT

(Mr. Renault was laid off. He was given a hearing before the supervisor of industrial relations. Statements made at the hearing hinted at social complications. The foreman reconsidered the case and decided to give Renault a second chance.)

Pierre Renault was forty-two years of age and a skilled mechanic. Since 1926 he had worked as wireman on radio panels at one of the National Manufacturing Company's subsidiaries and on Jan. 6, 1936 was transferred to the local plant to work on test equipment. He was a member of the union, and the next year he was elected department representative.

Work in the test equipment department was of a highly skilled and technical nature. Mr. Carter, the foreman of test equipment, was an outstanding technician and spent most of his time on the design and installation of apparatus and fixtures used for testing. Employees regarded him as somewhat of a genius at invention, and it was considered a privilege to be associated with him. His work, however, required frequent contacts with factory supervisors and many conferences with development engineers. As a result, Mr. Carter spent much of his time outside of the department.

Mr. Carmichael, Carter's young assistant, assumed the role of working foreman, supervising the employees, distributing work, and so on. He had graduated with honors from a well-known technical school and was exacting in his requirements. He found it hard to get along with employees and prior to his appointment as assistant foreman had worked in the department as instrument construction and repair man. He did not go out of the plant during the strike, and it was generally known that he hated to deal with the union.

On Sept. 17, 1937, Pierre Renault's name was put on the lay-off list. He filed a complaint with the union, charging discrimination and stressing the fact that a man named Parkman, doing similar work, had only four years' service and was still being employed. Mr. Cameron, president of the union, forwarded the complaint to Mr. Avery, supervisor of industrial relations, and

requested a hearing. A meeting was arranged for Sept. 21, at which the following people were present:

MR. CARTER, foreman.

MR. CARMICHAEL, assistant foreman.

MR. CAMERON, president of the union.

MR. RENAULT, test equipment construction work.

MR. AVERY, supervisor of industrial relations.

CAMERON: I think I'll open the meeting since I asked for it to be called.

Mr. Renault here, has 11 years service and is being laid off. What I want to know is why *he* should be the one to go when Parkman, who is doing the same kind of work, has only four years and eight months. I suspect that Renault has been laid off because he is a representative.

CARTER: Nothing of the kind. Renault's layoff is due to lack of work in the department. There's been no discrimination. The story simply is this: productive labor has dropped considerably, our department is a part of overhead, and we can't afford to be top-heavy. Renault is one of five others who are being laid off.

CAMERON: That's beside the point. I know that. I want to know why Mr. Renault's service isn't considered. He has 11 years and we know there are other fellows in the department who have only four years. I understand that Mr. Carmichael says Renault isn't as good a worker as the other fellow. We want him to prove it.

CARTER: As far as I'm concerned, seniority doesn't enter into the picture. I must run my department as efficiently as possible. Mr. Renault has been a good worker for us but he is limited. He isn't versatile enough to do any kind of a job that has to be done. He lacks analytical ability, which is most important in our work. My department is dropping down, and I must keep only versatile men who can do a variety of jobs thoroughly and quickly. I had to let Renault go, because Parkman is a better trained man and can do a better job. He's only thirty years old, but his training at the Bliss Electrical School makes him particularly valuable. He can follow a job through 100 per cent and has done so every time. Renault, on the other hand, can't follow drawings any too well, and it takes him three hours to do a job that Parkman can do in one. I don't say that he is loafing intentionally, but his mind does not seem to work as fast as Parkman's. Besides, Renault's not as careful as he might be. When he does finish a job there are apt to be "bugs" in it.

CAMERON: Well, it seems kind o' funny you have to bunch up all these criticisms at this time when we have a layoff. Why hasn't Renault been told of this before?

CARTER: Renault knows all about it. I said that I don't believe his slowness is intentional, and, while the department was running well, I saw no reason why I should complain or fire the man. I was

perfectly satisfied to keep him on in spite of his deficiencies. So long as we had plenty of work from which to select, I could make good use of him. But I can't pick and choose a man's work now. He's just got to do anything that comes along. That's why I kept Parkman. He has the analytical ability that is needed to diagnose trouble quickly. In fact, this young fellow has come along so well that he can do a better job diagnosing trouble than I can.

CAMERON: You've got to be more specific if you want to talk to us. The manager said himself that seniority counts if a man can do the work. We believe that Renault can do his job, and we insist that he be kept. There's more behind this than you know, Mr. Carter. We've been watching your department for a long while.

RENAULT: (to Carter) When did I ever fall down on any job?

CARTER: I wouldn't say exactly that you fell down on any job. You're all right if you have all the time in the world and aren't given work that requires analytical ability. All I know is that the last time you made a test fixture for the refrigeration department, we were criticized because the cost was twice as high as on a similar fixture that Parkman made.

RENAULT: Well, nobody ever said anything to me about that. I've always worked faithfully and have done what I was told to do. When I worked at the other plant as a wireman I had to do more complicated work than I have to do here. And no one had any fault to find. As a matter of fact, it was Parkman who got fired because he couldn't make the grade.

CARMICHAEL: Oh, I know all about that. Parkman just couldn't get along with the foreman down there. He's been all right here and has been stepping right along. In my opinion he is twice the man Renault is.

CAMERON: Oh, he is, eh? Well, you needn't talk, Carmichael, we know you. You've always bucked the union. We believe that Renault's in the right, and we're going to fight for him to the limit.

EVERY: Now let's keep personalities out of this, Mark. Let's stick to the issue. All we've got to find out is whether or not Renault can do the work as well as Parkman.

CAMERON: That doesn't mean a thing. He's got seniority and we stick to that.

EVERY: Well, ability comes first. Seniority counts, provided a man has the ability to do the work.

RENAULT: I claim that I can do all the work that is required.

CARTER: No one disputes your claim. You can do the work all right, but you can't do it as well as Parkman. And I can't be expected to run my department efficiently if I can't select the best men to do the job.

CAMERON: Well, this doesn't get us anywhere. If we can't settle the case here, we're prepared to take it to management.

EVERY: If you mean by that remark that a settlement not in your favor isn't a settlement, you'd better take it to management right now.

My job is to see that all the cards are on the table and that every man is treated fairly. After all, it's up to Mr. Carter to decide whether or not he wants to keep this man.

CAMERON: All we're interested in is the fact that Renault has 11 years service and that he can do the work.

AVERY: True enough, but Renault's been with Carter only two years and we all know that the work he did before was not at all similar to ours. I can only agree with Mr. Carter that a foreman's job is to run his department efficiently, in a slack period as well as in a boom. Naturally, when his work is dropping down, he's going to keep the ablest fellow.

CARTER: Well, I'll tell you what we'll do, gentlemen. I'd be willing to take Renault back if he will buckle down to business, not kick every time he's assigned some work, and just begin to realize that his ability means something to him from the standpoint of keeping his job as well as seniority. I don't want to get involved in a squabble, but Mr. Renault's got to learn that 11 years of service with the company and membership in a union do not guarantee him the opportunity to stall on the job.

AVERY: Well, how is that with you fellows?

CAMERON: That's O.K. with me.

RENAULT: Me, too.

AVERY: I'm willing to go along with this, too, provided Mr. Renault fully understands what was said.

(To Renault) And, Mr. Renault, that doesn't mean the foreman is going to watch you like a hawk in an endeavor to find an excuse to fire you. Neither do we expect you to go back to the department with an "I-told-you-so-attitude." That's not going to help the situation at all. All it means is that now you have an opportunity to prove to these gentlemen what you can do.

SECTION IV

DISCHARGE

CASE 21. CHANGING TRENDS IN FOREMEN'S ATTITUDE TOWARD DISCHARGE AT THE NEW PROCESS RUBBER COMPANY, INC. AND AT THE NATIONAL MANUFACTURING COMPANY, INC. PLANT No. 10

In the last 25 years the attitude of foremen toward discharge has swung from one extreme to the other. Before the establishment of the employment office at the New Process Rubber

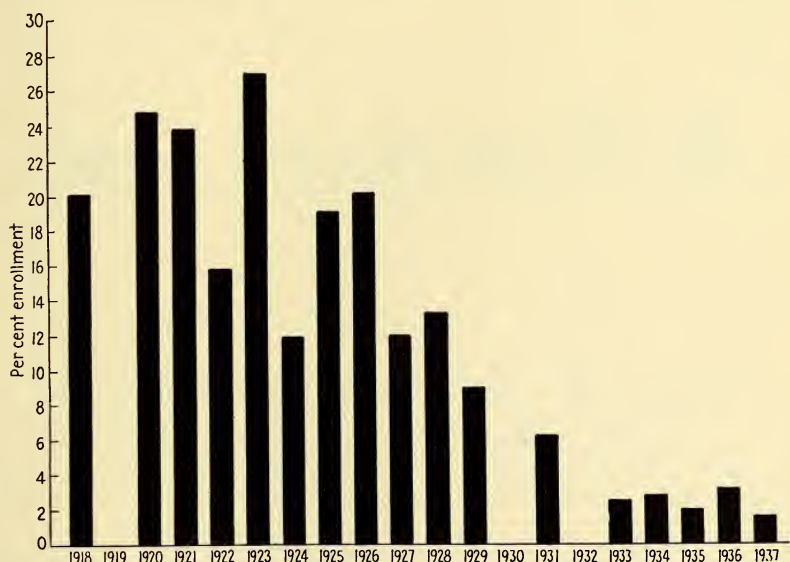


CHART V.—New Process Rubber Company, Inc. Discharges: 1918–1937, factory employees for all causes. (No data for 1919, 1930, and 1932.)

Company, foremen had unquestioned power of discharge and sometimes exercised it arbitrarily. Employment records show cases of employees being discharged one day and rehired the next. Discharges of this kind often caused later complications. For instance, in 1915 the canvas-footwear department had consider-

able difficulties with "started heels." The defect was frequently caused by improper hand rolling that did not fuse the outsole and the heel. Sometimes, however, this same defect was brought about by atmospheric conditions or by the improper mixing of cement, which occurred in another department. The department superintendent inaugurated a special campaign to eradicate the

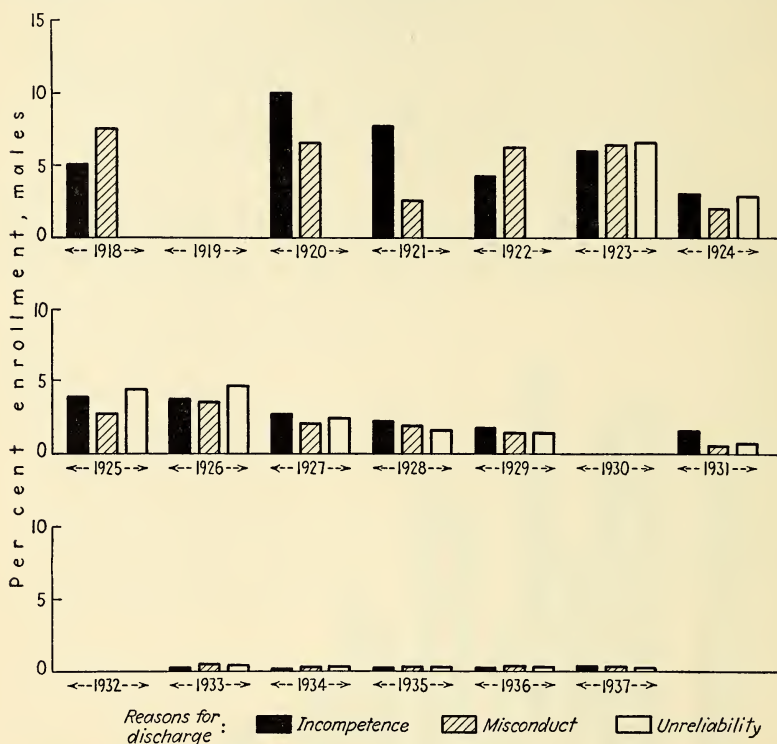


CHART VI.—New Process Rubber Company, Inc. Discharges: 1918-1937, factory employees.

defect of started heels. The foreman who had been raked over the coals relieved his annoyance by storming into the shop and cracking the whip. He called his men together and threatened: "The next man who has any started heels returned is fired. That's all." Unfortunately, the next 50 pairs of shoes with started heels were returned to Prestorato, one of the best men in the department and a man with 10 years of service. The foreman must have realized that the trouble could not be attributed entirely

to this man. Nevertheless, he feared that his prestige would suffer if he did not carry out his threat. Prestorato, therefore, was summarily discharged. The next day, the foreman was in a more reasonable frame of mind, and, since he badly needed the man, he rehired him. In 1930, Prestorato claimed 25 years service and eligibility for an extra week's vacation. He was unaware

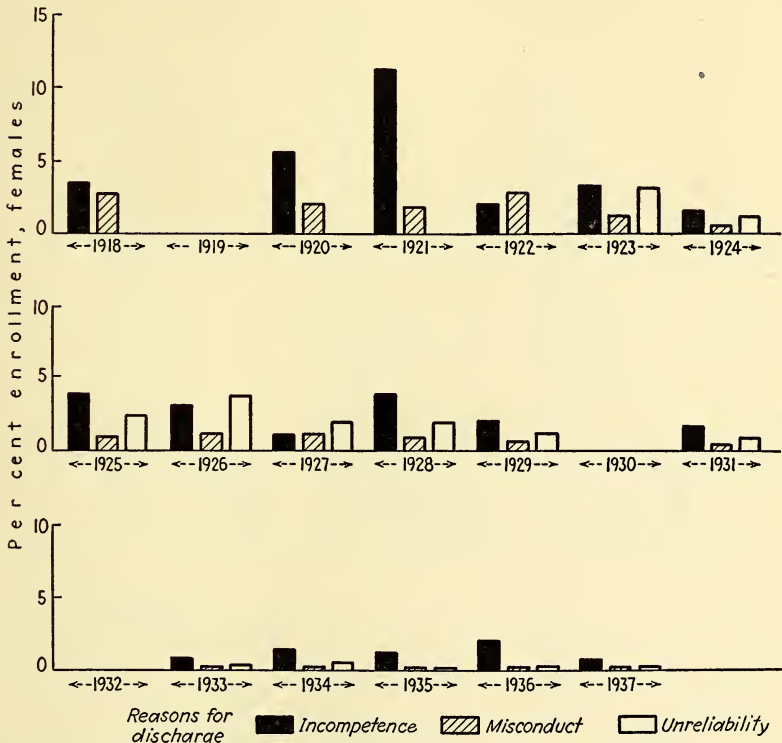


CHART VII.—New Process Rubber Company, Inc. Discharges: 1918-1937, factory employees.

of the company rule that any discharge automatically broke a man's service record. Accordingly, his discharge even though it lasted only one day, had made him a new employee when he started again.

With the establishment of the employment office, the employment manager was able to prevent arbitrary discharges. It became a recognized practice for a foreman to "give cause" and

for every contemplated discharge to be investigated by the employment department.

By 1937 the pendulum had swung to the opposite extreme. The employment manager was then faced with the extreme reluctance of the foreman to discharge any employee at all. Every discharge was vigorously contested by the union. If a

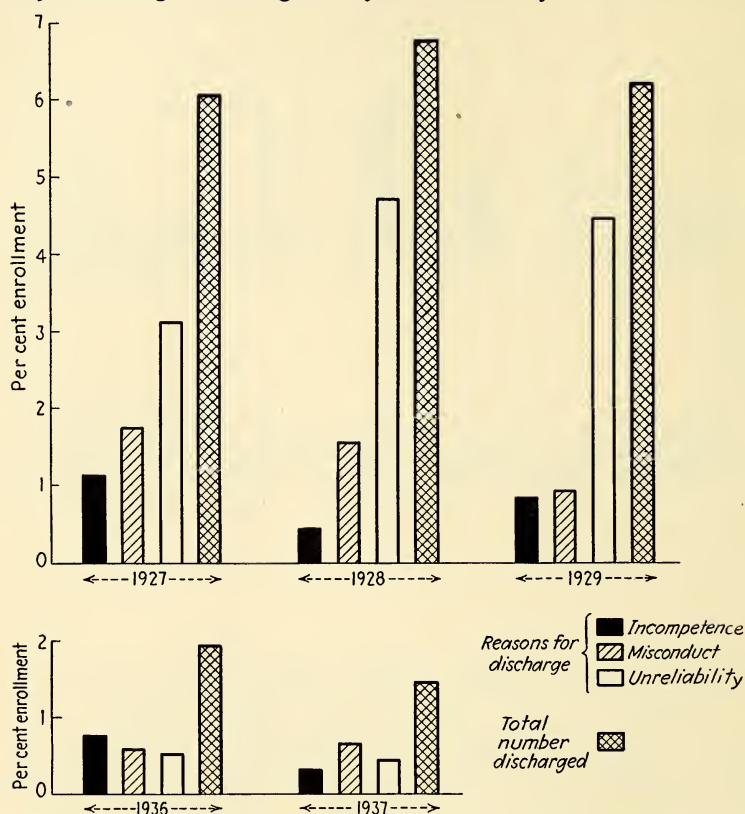


CHART VIII.—National Manufacturing Company, Inc. Discharges: 1927-1929; 1936-1937, factory employees

worker had to be discharged, the foreman attempted to make the employment manager do it. Charts V, VI, VII illustrate the marked decrease in discharge cases since 1930.

For comparable figures as regards discharges at the National Manufacturing Company, see Chart VIII, National Manufacturing Company, Inc., Discharges: Factory Employees, per cent of Enrollment, 1927-1929; 1936-1937.

CASE 22. ALFREDO BONACCIO

(Illustration of a supervisor's reluctance to discharge an employee even "for cause."
New Process Rubber Company, Inc.)

Characters:

MR. DOW, foreman, maintenance department.

MR. RANDALL, employment manager.

MR. HEMINGWAY, superintendent, maintenance department.

Bonaccio, a shoemaker, had been with the company for 15 years when his attendance began to be very irregular. Investigation disclosed that a weakness for liquor was responsible for his unreliability. As a shoemaker, Bonaccio was employed on an assembly conveyor, and his unexpected absences seriously interfered with the production of his fellow workers. They complained to the manager of industrial relations that the foreman was too tolerant in putting up with Bonaccio's lapses. The industrial relations manager discussed the case with the employment manager. It was decided to discipline Bonaccio but give him an opportunity to rehabilitate himself. The employment manager arranged a remedial transfer to the maintenance department, where Bonaccio was given a job as a sweeper. The transfer was also a demotion, since the job of sweeper carried with it a reduced rate of pay. Mr. Hemingway, superintendent of the maintenance department, warned Bonaccio that he could not hold this job if he failed to report regularly.

For six months, Bonaccio's attendance was excellent. Then he disappeared for a week and could not be located at his home or elsewhere. He showed up on a Monday morning rather the worse for wear and insisted that he had been sick. The foreman telephoned the employment manager:

DOW: Say! Bonaccio has just showed up. He's still half drunk.
What am I going to do with him?

RANDALL: Suspend him for a week and warn him that if it happens again he'll be discharged.

DOW: Wouldn't it be more effective if you told him?

RANDALL: O.K. Send him over.

The employment manager suspended Bonaccio for a week and informed him that a repetition of his offense would result in discharge.

Bonaccio returned the following week and went back to work sober. Three weeks later, however, he left work during the noon hour and stayed away for two hours. When he returned, he was in no condition to go to work. The foreman again telephoned the employment manager:

DOW: Say, Randall, Bonaccio is drunk again. He went out somewhere this noon and was gone for two hours. Now he's back here fumbling 'round the clock trying to ring his card. But he's got such a "bun on," he doesn't know whether he's coming or going. I can't let him go to work in this condition. What am I going to do, now?

RANDALL: There's only one thing to do, Dow. We talked that over before. The man has been warned and you'll have to discharge him.

DOW: Hell! If I discharge him in his present condition he won't even know he's been fired. Don't you think I'd better send him home and tell him to come back tomorrow morning and see you?

RANDALL: Well, all right. But send his discharge notice right through, will you?

DOW: Well, I'll have to talk to Hemingway about that.

RANDALL: That's up to you. Only let's have some action right away.

The next day Bonaccio failed to report. Meanwhile the foreman had seen his superior, Mr. Hemingway, who came to see the employment manager:

HEMINGWAY: Look here, Randall, what are you going to do about this guy, Bonaccio?

RANDALL: I'm going to do nothing. You fellows are going to discharge him.

HEMINGWAY: Discharge him, like hell! I'm going to turn Bonaccio right back to you, and you can do anything you want with him. He's not my baby. You transferred him to me from the shoe department where he had been for 15 years. If I had known he was a lemon I'd never have let you get away with it.

RANDALL: You knew what was wrong with him, George. Whenever he went off on one of his sprees he would disorganize his group unit by failing to show up for work. When we transferred him he had never been drunk on the job and that's why you agreed he could do no harm as a sweeper and that, maybe, a demotion might be enough of a jolt to cure him.

HEMINGWAY: Yeh! That's how you got away with it. But look at him now. This is the second time that he's been drunk on the job.

And what the hell am I going to do with him? You know damn well that I've had two tough cases of discharge already the last year. In each case I was right in letting the man go, and my decision was finally upheld. But each time the union took me for an awful ride. And, believe me, never again, if I can help it. So, you put him right back where he came from and let somebody else be the goat this time.

RANDALL: Well, we obviously can't do that, because that would be doing exactly what you are accusing me of. And it is our policy never to make a transfer without disclosing all the facts in order to get full cooperation.

HEMINGWAY: Well, suit yourself. All I know is, I'm not going to be taken for another ride.

RANDALL: I understand how you feel, George. If you want me to, I'll be willing to sign the discharge card. Just send Bonaccio to me, and I'll take care of the whole thing. But the fact remains, he'll be discharged from your department.

HEMINGWAY: O.K. But, boy! just try and wish another lemon off on me, that's all.

CASE 23. THE KUCZINSKY CASE

(Case of a nonunion employee who had been discharged for fighting and who petitioned for reinstatement.)

On Apr. 3, 1937, Mr. Avery, supervisor of industrial relations at the National Manufacturing Company, received the following report from Captain L. Rawlins:

POLICE REPORT

At 7 A.M. Lieutenant Riley received a telephone call from H. Anderson, Assistant Foreman, A-19, to come down to that department at once as there was trouble going on. Lieutenant Riley upon arriving found that two of the employees had been having some dispute and that one of them, Anton Kuczinsky, a set-up man in A-19 (Check 713) had struck the other employee, Stanley Demerski, a die setter in A-19 (Check 975) in the mouth, cutting part of the mouth which required half a dozen stitches (taken care of by Dr. Daley). I understand that Kuczinsky had asked Demerski for some papers pertaining to his work. Demerski said he didn't have the papers. Kuczinsky then remarked that he would like to punch Demerski in the jaw and then did punch Demerski in the mouth. Demerski made no attempt to fight back. From what I have learned there seems to have been trouble or feeling between these two men on account of Kuczinsky worked all during the strike and is not a union man. H. Anderson (Assistant Foreman) made out a quit slip for Kuczinsky. Mr. Cameron, President of the Union, who was in A-19, spoke about arresting Kuczinsky but this could not be done unless the employee who had been assaulted went along and signed the complaint. (He was not willing to do this.)

(s) CAPTAIN L. RAWLINS

Investigation of the case did not bring out any additional facts, and Mr. Avery affirmed the foreman's discharge.

On Apr. 4, 1937, the works manager received a letter from Mr. Kuczinsky, which he forwarded to Mr. Avery with the recommendation that he use his own judgment. The letter read as follows:

April 3, 1937

Mr. E. L. Abbott
General Manager
National Manufacturing Company

DEAR SIR:

This morning occurred an incident of considerable consequence to me: I have been discharged for fighting. Following are some of

the events leading up to the issue, and I leave you to render an opinion.

I am and have been aware all along that there exists a certain very rigid shop-rule against fighting. And that awareness accounts for the year and a half that I have worked there. I got the job just seven working days before the strike, but in those seven days I laid the foundation of a deep enmity in the man I popped this morning. I voiced my views on the then impending strike, which, unfortunately failed to coincide with his. I was against it. And when I returned to work four days before the strike ended, upon the invitation of my foreman, his eyes turned upon me, were not pleasant to see. In the beginning of our workaday relationship—after the strike—he was content to treat me with silent contempt, all of which was all right with me. But gradually he brought voice, manner and words into play, till it was with the utmost difficulty that I restrained myself. Daily I was subject to slights, insults and incivilities which nearly drove me frantic. I swallowed it all in the sweet name of peace. On several occasions I complained to the foreman, but I could get no satisfaction there. After all I could not quote a single off-color word he used which might warrant official action. Naturally, I couldn't carry around a dictaphone and a camera with which to get evidence that his look and tone were offensive. The stock palliative became: "Try to keep out of his way."

But keeping out of his way was impossible in view of the fact that I depended on the output of his presses to supply work for my own. From time to time I simply had to have information relative to the job which only he could give. He never failed to take full advantage of these encounters. Where a "no" or "yes" or "maybe" might have sufficed, he instead resorted to loud denunciations of my temerity to question him on the subject. His attitude was so stupid and unreasonable that it left me helpless and speechless. You can't find words to answer the rantings of an imbecile. I used to walk away, my nerves in such a turmoil that I became dizzy and shaken. I finally resorted to threats—that if he continued these stupid persecutions I'd wait for him outside the gate. This, if I had carried it out, might have simplified matters a great deal. But I'm not cold-blooded enough to wait hours for my revenge. I had but to laugh once and the storm in my soul was over. So this went on for months and months.

Then he grew bolder, convinced that I was only bluffing. Today he committed an outrage which no man worthy of the name could tolerate: He *snatched* a sheaf of route cards I had picked off his truck, and was thumbing through, looking for a certain specific one from which to copy certain information I needed before returning them, out of my hand. I'd have been justified in slapping him down there and then, but didn't. I informed him that I had

suffered my last indignity at his hands, that I would certainly "let him have it" the next time. He said, "Go ahead," and I did.

Now, after an interval of calm reasoning, I'm not so sure that I hadn't played directly into his hands. I wonder if he had not actually planned to good (sic) me into an act which would cost me my job. There is no divining the workings of a perverted mind, and it is just possible that he was willing to suffer momentary pain for the lasting satisfaction of seeing me disgraced.

Now the primary object of this letter is to point out to you the disadvantage to the National Manufacturing Company of dispensing with my services. I shall not here repeat what I already said to Mr. Kendricks (employment manager), MY (sic) claim to have saved the company thousands of dollars through the improvements I made on the machines under my care can be verified easily. I further claim that those Index Presses cannot be operated efficiently without me. Those machines exact a peculiar treatment, a treatment such as is not readily found in the average die setter.

I think I have covered all the main points of my petition. I am aware, however, that you can scarcely be expected to re-instate me assuming I have succeeded in convincing you of the justice of my act over the heads of those who are more intimately concerned with the matter and its disposition. I can, at least, be an instrument in setting a precedent by which matters of a similar color can be dealt with a bit more equitably in the future. Would it not tend to discourage these morons if the price paid for their squelching (sic) were less—say a month's suspension without pay?

Sincerely,
(s) ANTON KUCZINSKY

SECTION V

EMPLOYEE TRAINING

CASE 24. STATEMENT OF PRACTICE AT THE NEW PROCESS RUBBER COMPANY, INC.

A. *Training New Workers*

There have been three outstanding stages of development in the training of new workers at the New Process Rubber Company, Incorporated: (1) the apprentice system, (2) the vestibule school, and (3) the method of teaching on the job by staff members.

1. *The Apprentice System.* The earliest apprentice training method at the New Process Rubber Company consisted in placing an experienced workman in charge of a beginner, with the object of teaching his particular operation in the making of footwear. In return for his time and effort in acting as instructor, the experienced workman received the benefit of the apprentice's production in his own pay envelope until the helper was able to operate on his own. The advantages of this method were that it freed the foreman from teaching detail and permitted him to devote his attention chiefly to production, and that the apprentice learned his job as a member of the group under actual working conditions. The disadvantages, however, outweighed the possible benefits. Uniform training methods and ultimate uniformity of operation were difficult to attain. Secondly, the training period was unnecessarily prolonged for several reasons. The experienced workman was not always a good teacher. Even if he was, there was no incentive for him to hasten the teaching process. If he did, he would only deprive himself of the additional earnings of his helper. There was a temptation to teach the helper only those operations which increased his value to the teacher and to withhold the knowledge that would permit him to operate independently. This delay kept the new employee working at low apprentice wages when he should have been ready to work on an incentive basis and often led to discouragement and quitting the job. This increased the labor turnover and resulted in high

and hidden training costs. The apprentice system, therefore, was open to criticism on both human and technical grounds. The immediate occasion of its discontinuation, however, was the World War with ensuing increased production and decreased labor supply. The development of a special training school was the next step chosen.

2. *The Vestibule School.* As implied by its name, this school was separate from the actual work shop. It was set up as a model manufacturing department with tools, equipment, and methods duplicating those found in the shop. Employees,

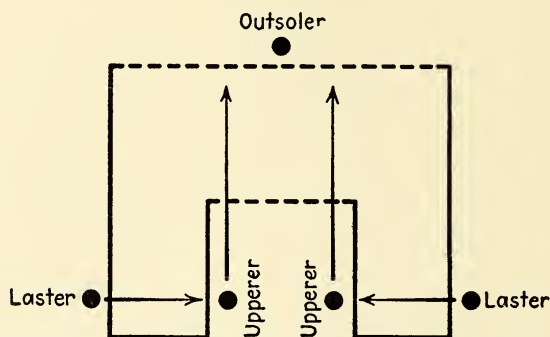


CHART IX.—A Shoe-making unit during the vestibule school era.

selected for their training ability, were assigned to instruct the new workers. The teachers were put on salary and received earnings somewhat higher than the average weekly earnings in the shop. The shop foremen were entirely relieved of responsibility for training new workers. Large groups of new employees could be trained simultaneously and taught their occupations under the following uniform conditions. Shoemaking operations were separated into three occupations: (1) lasters, (2) upperers, and (3) outsolers. The first two operations were performed by women; the last, by men. A complete working unit consisted of one man and two teams of women who worked at a table that was shaped somewhat like an old-fashioned bootjack. The school contained as many units as were needed to accommodate the number of new employees that were selected for training. As a rule, each teacher supervised four to five tables.

At first the vestibule school seemed to be entirely successful. But certain difficulties soon became apparent. These difficulties

grew out of the vestibule school's isolation from the shop and the fundamental difference between the relationships of teacher-pupil and foreman-worker. As years went by, the school became increasingly different from the manufacturing department it was supposed to duplicate. Rapid changes were steadily transforming shop departments at a rate that the school did not keep pace with. The school lagged behind the shop in manufacturing technique and equipment and gradually developed a character of its own. The pressure and speed common to production departments were lacking in the school where the chief interest was in the pupil's progress. The teacher thought himself successful when the beginner had learned to make a shoe. Little attention was paid to the time and effort required by different pupils to learn the same operation. In fact, a conscientious teacher was apt to spend a disproportionate amount of time on the pupils who had the most difficulty. The teachers often worked with a team that lagged behind, thus speeding up its production and giving an unrealistic picture of the team's performance. The foreman's interest naturally centered on production (*i.e.*, the speed and perfection of operation) rather than upon the worker's knowledge of his trade. This was a new experience to pupils who had been helped too much by the teacher, and many of them could not adjust to the speed and efficiency of a normal working group in the shop. They missed the encouragement of the teacher, on which they had come to depend, and soon became discouraged. This situation called for a program of retraining, the burden of which was at first thrust upon the foreman. There were times, however, when a foreman was too pressed by production demands to assume the responsibility for retraining. The consequent neglect of the new employee's interest, in sharp contrast to the personal attention that he had received in school, increased his sense of failure and often led to voluntary quitting. As a means of remedying this situation, management assigned instructors to guide maladjusted employees through the transition period in the regular production department. This arrangement was the first step toward a new method of training employees that by 1928 had entirely displaced the vestibule school. Another factor contributing to the development of a new training policy was the appearance of rapidly changing styles, running into hundreds of seasonal varieties. This style factor, together with hand-to-

mouth buying of small quantities for short-time delivery, called for great flexibility in plant operation and short training schedules. This need was met by the advance in manufacturing methods from small work tables to automatic conveyors and the development of staff experts in time and motion analysis.

3. *Teaching on the Job by Staff Members.* Motion-study at the New Process Rubber Company was a method used to establish correct working procedures. It involved the arrangement of machines, equipment, tools, and materials for most convenient and effective use. Its aim was to eliminate unnecessary and unsafe practices and to determine standard motions to be used by all employees on specific jobs. This standard practice permitted the employee quickly to acquire skill in accepted working procedures and to attain full earning capacity in a short time. Photography played an important part in training employees, not so much by the use of motion pictures as by the use of snapshots to abbreviate and clarify job instructions. Pictures displayed the operator's hand positions in an unmistakable manner that no amount of verbal description could equal.

With the development of the motion-study method, the vestibule school disappeared. All job training at the plant came under the direction of a training supervisor who was assisted by a corps of versatile instructors. These instructors had no production responsibilities and devoted their entire time to teaching only. They were shifted about the plant wherever instruction was needed and trained workers in the department and on the job. When little training needed to be done, these instructors were assigned to different production jobs for the purpose of learning the job method and increasing their skill as instructors.

Instructors were assigned on a sliding scale that permitted a gradually decreasing per capita cost of training. At first instruction was practically individual, the teacher devoting several hours at a time to one pupil to make sure that the worker began with the adoption of correct working procedures. After the foundation had been laid, one instructor would supervise several pupils. The table on p. 137 shows the increasing number of pupils per instructor and the decreasing per capital cost of instruction over a period of 14 days' training.

To accommodate such an individualized training program to a limited staff of instructors, training schedules were staggered.

For instance, at the beginning of one week, conveyor *A* was put into operation. For the first few days three to four instructors were in charge of training. By the end of the week a second conveyor was put into operation, and two instructors would be withdrawn from conveyor *A*. These two instructors and one other would take charge of the intensive training required by the new unit.

TEACHING SCHEDULE AND INSTRUCTION COSTS PER OPERATOR

Number of days	Number of instructors	Number of operators	Cost per operator (instruction cost only)
1	3	9	\$1.70
2	3	9	\$1.70
3	3	9	\$1.70
4	3	9	\$1.70
5	2	9	\$1.12
6	2	9	\$1.12
7	2	9	\$1.12
8	1.5	9	\$0.85
9	1.5	9	\$0.85
10	1.5	9	\$0.85
11	1	9	\$0.57
12	1	9	\$0.57
13	1	9	\$0.57
14	1	9	\$0.57

Since 1934, the retraining of transferred employees¹ constituted the greater part of the training program. The development of employment stabilization increased this type of training. It was handled by staff instructors in exactly the same manner as the training of new employees except for the difference in the schedule of wage payments during the training period. New employees started at a beginner's rate and worked up to the job rate. The transferred employees were guaranteed the average earnings for the job performed throughout the entire training period. In this way they suffered little or no loss of income, provided they met the schedule. If, on the other hand, they failed to meet the schedule at the end of the training period, they went on their own and were paid according to actual output. These transfer wage guarantees were a source of considerable expense to the company, but, in the opinion of management, the expenses involved were less than the intangible losses that resulted

¹ See Section II, Transfers, pp. 57-97.

from a high labor turnover. The program of transfer and retraining offered an incentive to the worker to maintain or beat the established schedule and provided security of income as well as of employment. It made possible the selection of the best qualified candidates without a sacrifice in their earnings. Prior to the establishment of transfer guarantees, the transferred employee suffered a loss in earnings while learning a new job, whereas the employee who was not transferred was spared the inconvenience of making adjustments and remained at his customary job without loss of income. Of course, he was exposed to the danger of layoff in case of a sudden drop in production.

B. Training Potential Supervisors

In the early years of the New Process Rubber Company, supervisors of factory departments were selected from the ranks according to demonstrated skill in manufacturing methods and indications of leadership ability. There was no system other than mere trial and error. If a supervisor failed to make good he was sent back to the bench.

Beginning in 1917, some college-trained men were hired as potential supervisors. They were given positions as assistant foremen or located in such office jobs as permitted free access to plant departments. The factory cost department, standards department (time and motion study), pattern room, or the ticket office offered such opportunities for becoming acquainted with the problems of factory-department supervision. These jobs served the young college graduates as stepping stones to promotion and offered them an opportunity to demonstrate their ability. But even this procedure was still haphazard and could scarcely be called supervisory training. The jobs were only slightly above the shop level, and little effort was made to employ a man in accordance with special abilities. It took years for the individual to find his place, and many maladjustments developed.

In 1927, a systematic training program for college graduates was put into effect. Management set up a period of 9 to 12 months as one of preliminary training before the candidate was assigned to a regular job. He started on some production work in one of the final assembly departments, or the packing department, where he had an opportunity to become familiar with the product manufactured and its quality requirements. He was

then transferred to a department where he learned the basic manufacturing processes. From here he followed the product through all its stages until he again arrived at the final assembly. In each department, the potential supervisor successively held various key jobs. After he had become thoroughly familiar with the essential manufacturing processes he was given opportunities to participate in working out management problems. In addition to this practical training there was some classwork. One-half day each week, the candidate attended classes where a supervisor in charge of training discussed company policies and systems. In this way the potential supervisor was able in one year to acquire the practical knowledge that formerly required several years. But even more important than this directed training was the final selection and placement of each successful candidate. During his period of training, the potential supervisor was observed not only by each department head in turn, but also continuously by the employment manager. Management thus obtained a good estimate of his abilities and a clue as to the department in which he was most likely to succeed.

During the depression of 1930-1933 this program for training college graduates as potential supervisors was suspended. As an alternative, management considered the work of servicing conveyors as one of several jobs where a reservoir of potential supervisors might be developed. Work in the cost department was considered another avenue to such promotion. However, the status of attendants in the company organization had never been clearly defined, and the character of the job changed with the caliber of the men who held it. This complicated the informal training program that had been set up.

The job of attendant had come into being as the result of complaints by foremen that they were required to spend too much time as glorified errand boys, chasing stock shortages, supplying materials, and replacing missing parts. By delegating these duties to young men, management left the foremen free to devote their time to department organization and the supervision of production. The foremen were also relieved of much clerical work by the assignment of women clerks to this detail. At this stage, then, the job of attendant was purely auxiliary and on the clerical level. The duties of attendants consisted in supplying materials to operators engaged on conveyor assembly and replacing spoiled

or missing parts. In the exercise of these duties, attendants had constant opportunities to interview supervisors of departments from which these materials came. In this way they could obtain excellent insight into the problems and methods of rubber footwear manufacturing. Because of this, management came to regard the job of attendants as a good training ground for potential supervisors. During the depression many young college men took advantage of this opportunity to prepare themselves for subsequent promotion. These college men proved so successful that supervisors assigned more and more responsibility to them. In addition to supplying materials and replacing shortages, attendants became responsible for maintaining production schedules, regulating conveyor output, passing on the quality of materials used, and maintaining general quality standards. At this stage, the job had risen far above the errand-boy level and required young men of exceptional ability. This resulted in the gradual displacement of the less capable boys by others of high school or college training.

This gradual change in the nature of the job was reflected in the method of wage payment. At first, attendants were remunerated on an incentive basis. But the rapid changes in the requirements of the job made it impractical to maintain standards, and attendants were finally placed on straight hourly rates or day work. With the removal of the incentive system it was found that the more capable attendants, who either were given the more difficult jobs or were handling a larger volume of production, were not being compensated in proportion to their increased value to the company. To remedy this discrepancy the superintendent of the footwear division (who employed the greatest number of attendants) devised an attendant's rating sheet, which was adopted for use throughout the plant. An essential feature of this rating system was a sliding scale of rates, which enabled management to pay the more capable men a higher hourly rate. In order to coordinate departmental practices with respect to attendants, management on Dec. 16, 1935, formulated the following policy:

POLICY FOR ATTENDANTS

All units which require the servicing of material or equipment to the operators will be provided with attendants. It will be the responsibility of the department to assign to each attendant a sufficient number

of units with the duties appertaining thereto to insure the most economical operation of the units. It will also be the duty of the department head to see that attendants are thoroughly trained in all duties pertaining to their work. Such duties involve:

Supply operators with stock.

Remove empty equipment.

Take odd tickets (record of material shortage, *i.e.*, shortage replacement order made out to the department from which the goods came).

Supervise cleanliness and orderliness of conveyors, floor, etc.

Investigate validity of odd tickets, *i.e.*, operator's claim that the material supplied to him was less than the amount stated on the schedule.

Assist production aides in maintaining an even flow of work in units and take necessary steps to avoid delays.

Prevent waste of material by operators.

Deal directly with other departments for short lasts, materials, etc.

Take full charge of quantity production but still reporting to Production Aides and as they may direct.

These responsibilities are to be taken on gradually and usually in the order in which they are listed above.¹

All new men for these positions should be interviewed and selected on the basis of the following requirements:

1. They should attain a percentile of 60 on the Standard Intelligence Test. This test to be administered during the interview by the employment man.

Any man who falls below 60 should not be given any further consideration for this job.

2. A high school education or its equivalent.

3. *a.* To have been gainfully employed at least two years, or

b. If in school, to have participated in such extracurricular activities, social activities, or part-time employment for a period of at least two years, or

c. The result of interview and intelligence test to be such that, in the opinion of Employment Department and departmental head, (*a*) and (*b*) can be waived.

4. Possess the following physical qualifications:

a. To be of athletic build without any serious defects.

b. To be not more than 15 per cent below or 15 per cent above normal weight for age and height.

c. To be without serious defect in visual acuity.

d. To possess no defect in color vision.

5. To be between 18 and 23 and unmarried.

6. To possess the potential capacity to rate favorably on all factors on the rating sheet for this job and to tend definitely toward an objective personality.

¹ Incidentally, this order retraces the evolutionary development of the job.

At the end of three months, attendants will be rated by the supervisor in the department in which they work, using the attached sheet, to be called "Attendant's Rating Sheet."

Salaries: The starting rate for attendants will be 49 cents an hour and maximum rate 65 cents. Pay will be graded according to the rating that a man may attain on the rating sheet, according to the following schedule.

Rating, Per Cent	Base Rate, Cents
95-100	65
91-94	63
87-90	61
83-86	59
77-82	57
71-76	55
65-70	53
58-64	51
50-57	49

Attendants will be rerated at least every six months and wages adjusted according to the rating.

ATTENDANT'S RATING SHEET

Name _____ Date _____

Dept _____

Job _____

Rated by _____

- 0-20 *Intelligence.* Mental capacity, ability to learn, originality, power of observation. _____
- 0-20 *Personality.* Self control. Ability to impress others. _____
- 0-10 *Responsibility.* Willingness to assume responsibility and ability to handle all responsibilities connected with the jobs. _____
- 0-10 *Reliability.* Consider perseverance, accuracy, and general dependability. _____
- 0-30 *Efficiency in Operation.* Results obtained (Odd tickets, completed brackets, odd shoes etc.) _____
- 0-10 *Physical condition.* Muscular strength to be considered as an asset; absence of sickness and steadiness of attendance. _____

In connection with the use of the proposed rating sheet for service operators I suggest that we use the following values in marking from:

0-10	0-20	0-30
1-2 Unsatisfactory	1- 5 Unsatisfactory	1- 9 Unsatisfactory
3-4 Poor	6-10 Poor	10-16 Poor
5-6 Fair	11-13 Fair	17-21 Fair
7-8 Good	14-16 Good	22-25 Good
9 Very Good	17-18 Very Good	26-28 Very Good
10 Excellent	19-20 Excellent	29-30 Excellent

By the end of 1936 it was apparent that attendants had informally attained the status of assistant foremen, and that the job was no longer primarily of an auxiliary nature but was looked upon as a stepping-stone to future promotion. Both these facts were recognized in the revised policy for attendants that was officially approved Apr. 19, 1937. Furthermore, a new rating sheet was developed, which entirely omitted the factor of muscular strength and stressed intellectual and personality qualifications.

REVISED POLICY FOR ATTENDANTS

Definition. An attendant is one to whom has been assigned the following responsibilities:

Duties.—Primarily these consist of supplying such units with parts, material or equipment necessary to the unit and removing empty equipment therefrom. In addition to these duties he may be held responsible for the cleanliness and neatness of the unit, the responsibility of following and correcting shortages and waste of material by contacting the operators or supervision within the department, or supervision in departments in which such occurrences may take place. He may further be held responsible to check lasts and materials previous to their delivery to operators to insure an uninterrupted flow of production and to make necessary changes of sequences to insure such continuous production. Finally he may be given charge of the production of the unit.

He will also assist the foreman in securing harmony and co-operation between the various individuals in the unit.

Training. It will be the responsibility of his foreman, assisted by the foreman of odd tickets, and the training department, to see that he is properly trained in the above duties.

Wages. All attendants who are not transferred directly from other departments will be drawn from the odd-ticket department. The starting rate in the odd-ticket department will be 53 cents an hour and this will be increased to 75 cents when they are transferred to servicing. Thereafter, increases will be made in accordance with the Attendant's Rating Sheet, dated 4/19/37.

Rating Sheet. Attendants will be rated on five factors:

Personality.

Responsibility.

Judgment.

Leadership.

Efficiency in operation.

The maximum points obtainable in the first four items are 15 for each and for the last (efficiency) 40 points.

Attendants will be rated by their immediate foreman or Production Aide and the number of points warranted placed after each factor. A chart of values is appended to the rating sheet for the guidance of the

rated. Also, a chart correlating the total points received with the proper corresponding base rate.

Within three months from the date of employment, he will be rated on the performance of his duties as enumerated in the preceding paragraph on an "Attendant's Rating Sheet," his total rating applied to the schedule appended to the rating sheet and a "wage increase request" forwarded to the Divisional Superintendent, if warranted by the schedule and approved by the Department Superintendent.

A committee initiated by the Divisional Superintendent will be formed for the purpose of reviewing and co-ordinating attendants ratings.

An attendant has the privilege of inspecting his own rating sheet with his foreman, at any time, and may appeal to the Department Superintendent any unsatisfactory rating.

Thereafter an attendant will be rated at least every six months and the same procedure will apply.

Should any decreases be indicated by such ratings the attendant will be informed and every assistance given him to improve his performance. If, upon the next succeeding rating sheet, he still does not merit his base pay it will be reduced to the rate shown on the schedule as applying to his case. Attendants ordinarily will be employed on the "F" (Factory) Roll but in cases where an amount of supervision is required that prevents them from qualifying to vote as factory employees they will be transferred to the "E" roll upon request of the department superintendent and approved by the Divisional Superintendent and Vice President in charge of Production. Likewise, if conditions warrant, they may later be transferred back to the "F" roll.

Employment Requirements. That a man be able to attain a rating of 50 on the intelligence test in the Employment Office and that no man be sent to the factory for a personal interview until he has taken the test and attained the necessary rating.

Promotions to Other Jobs. When requests are received for attendants to other jobs, those men who appear to be best qualified to fill the position will be selected for interview by the employment department and the person making the request.

Selection of the man for any given job will be determined by the employment department and the department in which the position is to be filled.

Rating Sheets will be taken into consideration but will not be the sole deciding factor for advancement to other jobs.

Despite this recognition, attendants continued to be on the factory pay roll and were thus subject to the regular employee rating sheet procedure for layoff consideration in the event of decreased production. Attendants were thus rated twice in accordance with their membership in two different groups. On the one hand, they took their place as regular factory employees

in a specific department. Status in this group was determined by the comparative rating obtained on the Employee Rating Sheet. In these ratings not only ability, but also length of service and other factors, played a definite part. On the other hand, attendants formed a special occupational group in the company as a whole. In this group, status was determined by their own special rating sheet on which personality and intellectual qualities were

ATTENDANT'S RATING SHEET

Name _____ Date _____

Dep't _____

Job _____

Rated by _____

- 0-15 *Personality*
(Self control) (Interest in problems of others) (Ability to put others at ease) (Appearance). _____
- 0-15 *Responsibility*
(Stability) (Perseverance) (Reliability) (Willingness to assume blame without alibi). _____
- 0-15 *Judgment*
(Perception) (Vision) (Analytical powers) (Observation) (Concentration) (Does not scatter his efforts). _____
- 0-15 *Leadership*
(Training ability) (Inspiring confidence) (Securing co-operation) (Creating interest and enthusiasm) (Initiative) (Willing to act on own judgment) (Promotes new ideas of others as well as his own). _____
- 0-40 *Efficiency in Operation*
Performance on job in discharging delegated duties. _____

100 Total

Rate Efficiency

Rating

0	First 3 months.	(Unsatisfactory later)	0	.53	0-19
1-4	Passable		1-	2	.55 20-32
5-8			3-	4	.57 33-45
9-12	Fair		5-	6	.59 46-55
13-16			7-	8	.61 56-64
17-20	Average		9-10	.63	65-72
21-24			11-12	.65	73-78
25-28	Above average		13	.67	79-83
29-32			14	.69	84-89
33-36	Excellent			.71	90-94
37-40	Par		15	.73	95-100

the differentiating factors, and length of service was not considered. This dual evaluation led to difficulties. During the business recession of 1937-1938, decreasing production necessitated many layoffs. Measured by the employee rating sheet, some of the best qualified college-trained service men were placed on the layoff list on account of their short service. To protect their employment, department superintendents proposed that all attendants be placed on the salary roll, in which case they would

be evaluated only by the attendant's rating sheet. This proposal, however, would have been a formal recognition of the attendants' status as assistant foremen and would have meant not only an increase in the cost of supervision, but also the likely recurrence of the complaint that supervisors were burdened with errand-boy duties.

C. Foremen Training

1. *General Inspirational Courses.* In the course of 12 years, the employment manager of the New Process Rubber Company had experience with several different kinds of foremen-training programs. The first type consisted of so-called inspirational courses that were purchased from outside agencies who specialized in this sort of material. At first these courses were paid for by the company, but experience showed that foremen did not like this arrangement and preferred to buy their own material. But even after foremen voluntarily subscribed to such courses it was difficult to start a class without some direct or indirect pressure by higher supervision.

In some instances the institutions selling the foremen's training courses supplied the instructor, in others, the company furnished the leader out of its own ranks. Classes met outside working hours, generally at the close of the working day.

This type of success material seldom succeeded in winning the foremen's approval. They objected that these courses dealt with general rather than specific problems, and they also disliked the form in which the material was presented. Whenever the subject titles of the lessons depended on a clever play of words or the use of slogans,¹ the foremen referred to them as kindergarten stuff or sugar coating and lost all interest. As a result of this attitude many practical maxims of foremanship contained in such lessons were discounted. After one or two years of this kind of teaching, the foremen professed themselves tired of swallowing this stuff and asked for courses on more specific subjects. In response to this demand, technical courses were arranged.

2. *Lecture Courses on Specific Subjects.* Technical courses on rubber, textiles, economics, mathematics, public speaking, and blueprint reading were supplied by the state department of uni-

¹ For example: "Bucking the Buckers," "Unguarded Machines and Unguarded Minds," "Handling Men: Five Important Qualifications," "The Two Black Crows (*i.e.*, rumor peddlers)," "The Foreman: Key-man of Industry," etc.

versity extension or directly by near-by college departments. A few of these courses were entirely prepared and taught by company officials. For instance, the employment manager, Mr. Randall, offered a course in Practical Factory Problems, which was divided into (1) human problems and (2) material problems. In order satisfactorily to complete the course and receive a diploma, it was necessary to hand in all the written assignments that accompanied each set of problems.

All the courses were conducted after working hours. Their success depended chiefly on the leaders who were in charge, but, on the whole, this type of program was much better received than the first. An analysis of the registrations indicated that the most popular courses were those that had a direct bearing on the foremen's regular duties. For instance, one of the most popular was the course on Textiles, which was limited to materials actually used in the plant and included trips to the textile mills and dye shops that manufactured or processed the fabric.

The course on Practical Factory Problems was next in popularity but met with some criticism. For the sake of brevity and logical presentation, the employment manager had simplified the problems and offered them as hypothetical cases. This separation of human and mechanical problems from their actual setting proved to be a mistake. Foremen quickly realized the artificiality of this procedure and not only lost interest in the discussion of these problems but also prepared their written exercises in a stereotyped and copybook manner. Only the excellent text material, which had been prepared by the employment manager and printed by the company, enabled the teacher to hold the interest of the class.

It became a fad among foremen to sign up for evening courses. But many requests came from men who were looking for a short cut to knowledge and who obviously thought that attending a course was the best way to gain favor with department heads. While such men were ready to listen to lectures, they showed very little inclination to participate in discussion or work on outside assignments. The employment manager concluded that the educational activities were petering out into evening entertainments and convinced management that a moratorium on all foremen training courses should be declared. After this decision a small number of foremen continued to come to the employment manager

for advice. To these men the employment manager acted as an informal counselor by referring them to recognized educational institutions for courses to suit their requirements.

3. *Development of Mixed Discussion Groups.* During 1934-1935, there were no foremen training courses at the plant. But there remained a nucleus of foremen interested in intellectual stimulation. In response to their demands, management in 1936 experimented with a different type of training program. A start was made with three groups of 12 supervisors each who met biweekly to discuss actual current problems and company policies. Foremen, supervisors, and department superintendents all participated in these discussion groups, which were led by the employment manager. Each group of 12 persons represented a cross section of supervisors from 12 different departments. Sometimes problems for discussion were submitted by group members; at others, management assigned a topic. Especially if a change in company policy or regulation was contemplated, management asked the group members to express their opinions. No effort was made to obtain the unanimous approval of a group or all groups regarding a point under discussion. Brief minutes of each meeting were forwarded to management by the group secretaries. Since no names were mentioned, in these minutes, every member felt free to state his opinions without being afraid of "sticking his neck out." After weighing these opinions, management formulated its final policy, a statement and full explanation of which was given to the group leader who then conducted an informative meeting. It was found that this combination, discussion of a tentative plan followed by a formal statement of the established policy was more successful than inviting discussion of a policy at a stage when no changes were contemplated.

In 1937 there were so many requests from supervision for a continuation of these mixed discussion groups that management decided to expand the program. Ten conference groups were set up with the following points in mind:

1. To avoid emphasis on organizational status, *i.e.*, differentiating groups according to the rank of participating members.
2. To form groups that were fairly homogeneous in intellectual ability.
3. To avoid interference with production by not drawing too heavily from one department at any given time.

The employment manager chose as leaders four other company officials who were approved by the vice-president in charge of manufacturing. Their status was as follows:

Interviewer, mens' employment.
Supervisor, wage and salary administration.
Supervisor, staff training.
Supervisor, service activities.

Each leader had charge of two groups. The meetings were held on company time for a period of one hour every other week. On each working day of the week, therefore, one group meeting was held.

To coordinate the activities of the various groups, group leaders held preliminary conferences concerning procedure and the subjects to be discussed. At some of these preliminary meetings, the leaders had the benefit of advice from Professor A. D. Sheffield, an outstanding authority on the leadership of discussion groups.¹

On Dec. 7, 1937, the vice-president in charge of manufacturing inaugurated the new program by sending the following announcement to every supervisor in the plant.

Re: Group Discussions

Last season several supervisory discussion groups were conducted on an experimental basis. The experience of these groups proved that there is a very definite need for and interest in the type of supervisory meeting that discusses actual current problems and policies.

Requests among supervision for participation in such conferences have led to the development of a broad program this season that will permit all members of supervision to participate.

You have been assigned to group No. _____ under _____, leader, and, _____, secretary.

The subject for discussion at the first meeting will be "Employment Stabilization." As you already know, management has attempted as far as possible to stabilize employment by scheduling production increases to offset production decreases in the same or other departments. In conformance with company policy the Employment Department has tried wherever possible and practical to fill jobs by means of transfer from active employees in preference to hiring new employees. The success of our stabiliza-

¹ A. D. Sheffield, "Training for Group Experience: A Syllabus of Materials from a Laboratory Course for Group Leaders Given at Columbia University in 1927," *The Inquiry*, New York, 1929.

tion policy is measured by our lay-off rate, which dropped from 67.4 in 1934 to 26.5 in 1935 and to 3.1 in 1936.

Present curtailments, however, severely test our stabilization structure and make the present a very opportune time to review and discuss the merits of the instruments and systems set up and now in use to maintain employment stabilization.

It is hoped that these group discussions will facilitate a better understanding and a more uniform interpretation of company policies and systems throughout the plant. It is also anticipated that the groups may have suggestions or recommendations that will be offered to Management.

Group No._____will meet regularly on:

Place: Conference Room Opposite Payroll Cage.

Date of first meeting:

Hour:

(s) Vice President in charge of manufacturing.

SECTION VI

LENGTH OF SERVICE

GENERAL STATEMENT OF PRACTICE

In American industry there is no uniform method of calculating an employee's length of service. Some companies count the employee's service from the most recent date of employment. Any interruption, no matter what its cause or duration, breaks the continuity of service and forces the employee to start again as though he were a new worker. Other companies compute service on department—rather than a plant-basis; or in the case of a corporation with several branches and subsidiaries, consider plant—but not company—service. Still other concerns have special provisions governing loss of time caused by layoff or leave of absence. But even in these cases there are no generally accepted standards. The table, on p. 152 published by the National Industrial Conference Board, Inc., shows the existing diversity of practice.

TABLE III
EFFECT ON SERVICE RECORD IF WAGE EARNER IS LAID OFF¹

Effect of Lay-Off on Service record	Number of Companies, by Employees per establishment					
	Total	1-99	100-249	250-999	1,000-4,999	5,000 and More
No effect.....	259	7	57	138	55	2
No definite policy.....	4	1	2	...	1	
Service record affected as follows....	81	2	4	20	38	17
Start as new employee.....	9	..	..	5	4	
Record broken after 1 month.....	3	..	2	...	..	1
Record broken after 2 months.....	5	..	1	2	2	
Record broken after 3 months.....	14	..	..	3	7	4
Record broken after 6 months.....	14	2	1	...	10	1
Record broken after 1 year.....	11	..	..	...	5	6
Record broken after 2 years.....	6	..	..	1	3	2
Record not broken, if employee returns.....	2	..	..	1	1	
None, except time out deducted....	10	..	..	4	5	1
Loss of vacation rights.....	2	..	..	2		
Loss of bonus payments.....	1	..	..	1		
Varies acc. to length of service....	4	..	..	1	1	2
Total.....	344	10	63	158	94	19
Per cent of companies						
No effect.....	75.3	70.0	90.5	87.3	58.5	10.5
No definite policy.....	1.1	10.0	3.2	...	1.1	
Service record affected as follows....	23.5	20.0	6.3	12.7	40.4	89.5
Start as new employee.....	2.6	...	...	3.2	4.3	
Record broken after 1 month.....	0.9	...	3.2	...	...	5.3
Record broken after 2 months.....	1.5	...	1.6	1.3	2.1	
Record broken after 3 months.....	4.1	...	...	1.9	7.4	21.1
Record broken after 6 months.....	4.1	20.0	1.6	...	10.6	5.3
Record broken after 1 year.....	3.2	...	...	...	5.3	31.6
Record broken after 2 years.....	1.7	...	...	0.6	3.2	10.5
Record not broken if employee returns.....	0.6	...	...	0.6	1.1	
None, except time out deducted....	2.9	...	...	2.5	5.3	5.3
Loss of vacation rights.....	0.6	...	...	1.3		
Loss of bonus payments.....	0.3	...	...	0.6		
Varies acc. to length of service....	1.2	...	...	0.6	1.1	10.5
Total.....	100.0	100.0	100.0	100.0	100.0	100.0

¹ National Industrial Conference Board Studies, 233, Personnel Practices Governing Factory and Office Administration, New York, 1937, p. 78.

CASE 25. METHOD OF COMPUTING LENGTH OF SERVICE
OF FACTORY EMPLOYEES AT THE NEW PROCESS
RUBBER COMPANY, INC.

Up to 1931, employees of the New Process Rubber Company who were laid off because of decreased production¹ were granted the following continuous-service provisions in the event of their reemployment: Continuous-service allowances were based upon the length of previous continuous employment and the length of time elapsed between layoff and reemployment.

CONTINUOUS-SERVICE ALLOWANCES	
Previous Continuous Employment, Years	If Rehired within the Following Period, Months
1-3.....	3
3-5.....	4
5-7.....	5
7 and over.....	6

For example, John Kennedy, who had six years of service, was laid off on Oct. 26, 1928. He remained unemployed until Mar. 13, 1929, at which time he was rehired. According to the provision, he had a continuous-service allowance of five months. Since he was reemployed within this limit, John Kennedy qualified for continuous employment and could claim a continuous service of six years and five months, regardless of the fact that he did not work for the company during the last five months.

During the 1931 depression, many layoffs extended beyond the specified rehiring limits, thereby depriving employees of previous service credit.

In 1933, the increased business activity that developed in anticipation of the National Industrial Recovery Act with its compulsory codes, led to temporary rehiring. In numerous instances the layoff period of these rehired employees had exceeded the above limits and in consequence they had lost their rights to continuous-service credit. These employees protested through their union representatives, since this loss of service affected their

¹ Voluntary quit and discharge for cause automatically broke an employee's service record.

employment status. After a sufficient number of such cases had been brought to the attention of the union officials, they petitioned management to establish a more liberal policy than the current one. In response to this request, management introduced a new policy early in 1934, which was made retroactive to Jan. 1, 1931. The new schedule granted the following more liberal allowances:

REVISED SCHEDULE OF CONTINUOUS-SERVICE ALLOWANCES	
Previous Continuous Employment, Years	If Rehired within the Following Period, Months
0-3.....	3
3-5.....	6
5 and over.....	12

Continuous-service allowances for long-service employees were doubled under the new schedule. This increase satisfactorily adjusted many complaints. There were a few cases, however, in which employee layoff exceeded even these limits. The union officials, therefore, demanded an even more liberal continuous-service allowance, specifying as a maximum two years for employees who had five years or more of service. This would mean that an employee with five years of service might be unemployed for as much as two years and then return to work with seven years of continuous service to his credit. Employees who had never been laid off objected to this proposal. They said in effect: "We have been working for the company without interruption while others who have been laid off once or twice get just as much service credit as we. That's not fair."¹ Management sympathized with this point of view and declined to extend the continuous-service allowance beyond 12 months, fully aware that no matter where the limit might be drawn there would always be a few cases that remained outside this limit.

In the months that followed, the union officials repeatedly requested management to reconsider the question of continuous-service allowance. Even though this topic was discussed at each succeeding meeting between management and the union, no mutual agreement was reached.

Finally on May 17, 1937, the employment manager suggested the following solution of the continuous-service problem. Service should be figured as cumulative rather than continuous. An

¹ Implicit in their protest was the assumption that an employee who was not laid off was of greater value to the company than one whose service was dispensed with as soon as production dropped.

employee's service should be computed on the basis of actual working time with the company excluding any layoff, voluntary absence, and discharge. This suggestion was acceptable to the union. Management, however, regarded it at first as too radical a change since such a policy made no distinction between an employee who was laid off for no fault of his own and one who had been discharged for cause or who had left the company without notice. The employment manager met this objection by arguing that if the company saw fit to reemploy such an individual, they should be willing to give him full credit for any previous service he might have. After several discussions, this point of view prevailed, and the policy governing length of service was rewritten as follows:

LENGTH OF SERVICE PROVISIONS

Length of service for employees of the company will be determined according to a plan which provides that:

1. Lay-off time will not be included in accumulating total service.
2. Total service will be accumulated on the basis of actual time periods of employment with the company, subject to the following exception:
 - a. No service credit will be allowed until a probationary period of one year of continuous service has elapsed. Service credit will then be accumulated from the date on which employment began, including any short periods of less than one year that may have preceded the probationary year.
3. Employees who have attained one year of continuous service will never lose credit for previous service in the computation of any future service, regardless of intervening loss of employment for any cause.
4. Special provisions regarding sickness, non-industrial injury, pregnancy and leave of absence.
 - a. In cases of sickness, non-industrial injury, or pregnancy, service will be discontinued only after three months of absence.
 - b. Leave of absence for World War Service or similar service in the future in the armed forces of the United States will be allowed as continuous employment with the company.
 - c. Any other leave of absence will receive special consideration based upon the circumstances in the individual case before allowance will be made.
5. Method of adoption and effective date.
 - a. *New Accumulative Service Provisions* will be used to determine all vacation allowances for the year 1938.
 - b. Any lay-offs scheduled to occur after the summer shut-down or any employee evaluations recorded after that time will be

made in accordance with the new accumulated service provisions.

- c.* Past service of all active employees will be accumulated in total.
 - d.* The service credit in each case will be mathematically accumulated and recorded on a Service Record Card, in years, months, and days, up to January 1, 1938 and thereafter recorded at the beginning of the year. For purposes of computation all months will be considered as having 30 days. Within any calendar year the employment department will accurately determine service credit for the purpose of employee evaluation by adding actual time worked in the current year to service credit recorded at the beginning of the year.
6. Upon re-employment, all former employees will have past service accumulated on the above basis. Eligibility for vacation will be established only in the event that re-hiring occurs prior to the summer shut-down.

CASE 26. MARIE KUSACZ

(Relation between sickness absence and length of service. Other aspects.)

Characters:

MR. DALEY, union representative.

MISS KUSACZ, former employee.

MR. RANDALL, employment manager at the New Process Rubber Company.

On Friday, Apr. 8, 1938, Jack Daley came to see Mr. Randall. Daley was excited and, without further preliminaries, marched into the employment manager's office, saying: "It isn't fair and I'm not going to stand for it!"

"What isn't fair"? asked the employment manager.

DALEY: The way you're treating Marie Kusacz. Here's a girl that's been out six months with a serious operation, and now, when she's ready to come back to work, your Mr. Brown won't hire her back. Why was she canceled in the first place? That's what I'd like to know. It's not fair to cancel a girl when she's out sick—anyway, not a girl that's been here ten years; and she owes a lot of money. She owes me some. I lent it to her so she could have the operation. Her husband isn't working and she has to support her mother.

RANDALL: Well, now, just a minute, Jack. One thing at a time. I didn't know Marie was able to come back to work.

DALEY: Sure she's able. Her own doctor says so, and she went to Dr. Davies (Company Doctor) this afternoon and he says so, too. She's O.K. Then she went to her own department to see her foreman (Mr. Cross) and he said he'd be glad to take her back on her old job, but she'd have to come to the employment office first. So I just brought her over to see Mr. Brown, and he won't sign the slip. I told him that wasn't fair and he said I'd better talk to you.

RANDALL: Did Mr. Brown explain to you why he couldn't hire Marie?

DALEY: Yes he did, and that's the worst part of it. He says Marie can't come in on Friday and expect to go to work Monday. Then he says he's filled every job for Monday by transferring girls from other departments, and I'll bet you anything some of the girls he's after transferring have only been here a couple of years. Marie's been here ten years. I ask you, is that fair?

RANDALL: Well, Jack, you know how hard we try to protect the employment of all the girls who are working here. We listed that work in winter footwear ahead of the regular schedule in order to provide work for girls who would otherwise be laid off from summer footwear departments. We had to prepare for this two weeks ago. The transfers are all completed and the girls have been told to report for work Monday. Now, if we should place Marie on such short notice we'd have to displace one of those girls, and we couldn't lay her off without giving her a week's notice. You remember we agreed to that.

DALEY: Aw! you don't need to lay her off. Find her a job somewhere else.

RANDALL: That's not so easy with our decreasing production, Jack. We've shifted more than fifty girls and even laid off four to arrange our schedule for next Monday.

DALEY: Well, that's a hell of a note. You keep a girl on who's probably only been here about a year, and you keep out the girl that's been here ten years.

RANDALL: Let's get down to facts, Jack. Consider the agreement we made on sickness absences. We agreed that persons excused because of illness would have their standing as employees of this company protected up to a maximum of three months of continuous absence. We agreed also that any such person applying for reinstatement within three months would be returned to work within seven days. It was also stated that persons absent because of illness for more than three months would cease to be employees of the company, but would be eligible for reemployment just like any other former employee of good standing. Marie's been out six months, and you are asking us to take her back on the next working day following her application. We can't do that. However, we most certainly will take her back within the year so she'll have an unbroken service record. Under the ruling I've just stated we're not obliged to hire Marie at all, but I am promising you that we will hire her because she's had a very good record, and we want her back. I can't tell you to a day when she can start until I know what arrangements can be made.

DALEY: Well, I don't call that fair. You should forget the ruling in a case like this and take Marie back right away. It wasn't her fault she was sick. She's been put to a lot of expense, and she needs the money to pay her bills. She's given this company ten years of faithful service and when her own foreman wants her back and is willing to take her back right away, I don't see what right you have to refuse her.

RANDALL: But, Jack, we're not refusing to hire her.

DALEY: Oh, you can't fool me. That's the old stall. You'll keep putting her off, and then you'll find some reason not to hire her at all.

RANDALL: As a matter of fact, Jack, it's you who are not being fair. According to the rules we are not obliged to rehire any person who has been out for more than three months. But Marie has a good record, and I've told you we shall rehire her as soon as it can be arranged.

DALEY: You *admit* she's got a good record. You *admit* she should be rehired. Then why don't you do it? D'you mean to tell me that in a company as large as this one, you can't find a job for *just one girl*?

RANDALL: Jack, out of more than four thousand girls listed in our application files, a great many have asked me that same question. Our applications at present exceed the total number of girls employed here. Obviously we can't find jobs for all of them. We hire them only as jobs open up. Otherwise we must displace somebody already employed. We haven't had an opening for even one girl for more than three months now. But I am very hopeful that we can place Marie within a few weeks.

DALEY: Are you *sure* you can find a job for her in that time?

RANDALL: No, I'm not sure, Jack. Something might happen to delay it.

DALEY: That's just what I thought. . . . Say, have we got any rule against hiring married women?

RANDALL: No, we haven't. You know that. Over 30 per cent of our girls are married.

DALEY: All right, then. Let's come to the point. Mr. Brown is putting a young girl on Marie's job. That's what gets my goat. How does he get away with that?

RANDALL: Why do you call this particular job, Marie's job?¹

DALEY: Well, that was the one she was working at when she took sick, wasn't it?

RANDALL: That's true, Jack. But she's worked on at least a dozen other jobs. We can't consider that any one particular job necessarily belongs to Marie or to anybody else. Our entire program of employment stabilization would fall flat if we couldn't shift girls about. When production drops in one department we must lay people off if we can't transfer them. That's what we used to do years ago. You don't want to go back to that, do you?

DALEY: No, of course not. Stabilization is O.K. But what am I going to tell Marie? I told her I'd get her job back for her right away. I'm her representative, don't you know, and got to look after her.

RANDALL: I understand that, Jack. But you're not letting her down. I've already told you that we'll hire her back. It's just a question of finding out exactly when we can do it. I think we can decide that some time early next week. Marie will be reasonable about it once she's sure she's coming back. Where is she now?

¹ For the last two seasons, Marie had worked on conveyor 15 making overshoe uppers.

DALEY: She's right here in the waiting room.

RANDALL: Oh well, then, why don't you ask her to come in so we can talk it over together?

DALEY: O.K.

The union representative went out and brought Marie into Mr. Randall's office.

MARIE: Hello, Mr. Randall.

RANDALL: Hello, Marie. Glad to see you. Come and sit in that chair.

MARIE: Thank you.

RANDALL: You're looking well . . . and that's a pretty dress you have on.

MARIE: Yes, my mother gave it to me when I came out of the hospital. It gives you "that lift" you know. I'm fine now.

RANDALL: Well, that's great. Jack, here, tells me you're very anxious to get back to work.

MARIE: You bet I am, and John (foreman) wants me, too. I think it was kinda mean of Mr. Brown not to let me have my job. But I told Jack I knew you'd let me have it.

RANDALL: Mr. Brown will be glad to arrange for you to come back, Marie. He wants you back just as much as I do, but, of course, he's got to think about the other girls, too. He has to be fair to all of you. And I know you wouldn't want to throw anybody out of a job if you can prevent it by waiting a few days.

MARIE: Me? Oh no! . . . I wouldn't mind waiting a few days as long as I know I'm coming back. I was afraid maybe I couldn't get back at all. And, gee! you know what hospitals and doctors cost. I owe a lot of money. Besides the doctor, I owe Jack here ten dollars and I haven't paid mother anything for quite a while.

RANDALL: Are you supporting your mother, Marie?

MARIE: Well, no, not exactly. But we live in her house. We try to pay her something, like rent, you know. But lately we haven't paid her anything. And it costs a lot to own a house, you know. The trouble is that Fred, (he's my husband, you know) is only working three days a week now. They don't do much in the upholstery business during the summer, and they only call him when they have work. I wish he could get a job here where it would be steady.

RANDALL: I'll tell you what we'll do, Marie. I'll talk this over with Mr. Brown and find out how soon he can get you back to work. As soon as he finds out, he'll send you a letter, and I'll ask him to send you a copy, too, Jack.

MARIE: Oh gee! Thanks, Mr. Randall. That'll be swell. . . . Can I go back to John's department? I know all the jobs there. John gave me 100 per cent on versatility.

RANDALL: Yes, I know, Marie. I don't think we'll have any trouble getting you into John's department. We'll put you on the next conveyor that's listed. That'll probably be inside of two weeks. We'll let you know definitely as soon as we can find out.

MARIE: That's O.K., and thanks again, Mr. Randall, and you, too, Jack. Good bye, now. I'll be waiting to hear from you.

RANDALL: Good bye, Marie.

(To the union representative) Well, I guess that settles that.

Anything else on your mind, Jack?

DALEY: No thanks. . . . See you later.

RANDALL: So long.

SECTION VII

WAGE ADMINISTRATION

CASE 27. WAGE RATES OF ELECTRICIANS IN THE MAINTENANCE DEPARTMENT OF THE NATIONAL MANUFACTURING COMPANY, INC.

Characters:

MR. CAMERON, president of the union.

MR. JONES, first-class electrician and union representative.

MR. McCARTY, first-class electrician.

MR. DICKSON, general foreman, maintenance department.

MR. AVERY, supervisor, industrial relations.

On June 2, 1937, Mr. Cameron brought Mr. Jones and Mr. McCarty into Mr. Avery's office:

CAMERON: Mr. Avery, I brought over Mr. McCarty and Mr. Jones from the electrical department to have them tell you their story themselves, as they know more about their own craft than I do.

(To Mr. Jones) Mr. Jones, suppose you tell the story to Mr. Avery.

JONES: Well, we feel that the electricians ought to be rated higher than they are.

AVERY: What do you mean by that, Jones? We rate our electricians pretty high.

JONES: Well, I mean that their brackets ought to be higher than they are now.

AVERY: What you are asking for is a raise for electricians, is that right?

JONES: Yes, I think we ought to get a raise.

CAMERON: These fellows feel that the electricians should be rated higher, in other words, have a higher bracket than other crafts in the maintenance department, such as pipers, welders, millwrights, etc. Right now they are all rated alike.

AVERY: What makes you feel that electricians should be rated higher than the other maintenance men?

McCARTY: Well, we have more responsibility. The millwrights can't do our work but I can do a millwright's job any day. Here's another thing, I have to go out and get a license in order to be a first-class man. I have to take an examination in order to get my license from the state. The millwrights just go to work.

AVERY: I am inclined to agree with you, McCarty, that electricians have to satisfy more exacting requirements. On the other hand, you're asking me to break up something that has been a custom and an established rule for some time. If you will look at our

wage scales you will see that we have always treated the crafts alike. That is, a first-class piper, a first-class welder, and a first-class electrician have been rated the same in our plant.

MCCARTY: Well, we feel we ought to get as much as machine repair men and the fitters up in Department Z.

AVERY: Let me understand you fellows clearly. If you want to talk about the whole plant that's a different story. We just gave a general wage increase two months ago and we don't feel like going into any more haggling about individual brackets, as this matter was brought up during the negotiation on our last wage increase. I suggested at that time that we had a fine opportunity before us to straighten out some of the wage irregularities in our plant. But I was turned down flat by the negotiating committee in favor of giving all employees an equal raise.

JONES: Well, Avery, it's always been recognized that a first-class electrician rates more than other crafts in maintenance work, and I don't see where it would cause any trouble if we got a raise.

AVERY: I have already told you that in my estimation electricians should rate higher than other crafts. On the other hand, I can't get away from the fact that I must think of the plant as a whole. And I'm not going to do anything to satisfy one particular group that might bring other groups down on my neck.

MCCARTY: Well, how about thinking it over?

CAMERON: I think if you will look into this, Avery, and give this question some thought, we might be able to work out something at another meeting.

AVERY: Well, I don't want to make any snap judgments and perhaps it is better if I sleep on this a little. On the other hand, I do want to remind you fellows of the possibility that I've already mentioned and the fact that if everyone had cooperated in this matter we could have taken care of this situation during our recent negotiation.

CAMERON: Well, suppose we give you a week to look into this and then have another meeting?

AVERY: O.K.

On Friday June 4, 1937, the industrial relations supervisor interviewed Mr. Dickson, the general foreman of the maintenance department.

AVERY: I had some of your boys up to see me the other day, George, some electricians. They feel that they ought to get more money than the other occupations in the maintenance department. What is your slant on that?

DICKSON: Well, Jim, I think some of them ought to get more money. I got a few, real first-class men, that I would like to give a raise. But I hesitate to ask you to allow me to make special rates above the established bracket for these men when I know that the rest

of them will come hollering and want to know why they can't get this rate, too.

EVERY: Do you think we ought to evaluate the job of electrician in our plant higher than first-class men in other crafts such as your steam fitters, your welders, or your millwrights?

DICKSON: No, I don't. I like to be able to pay a first-class man in any of the crafts the same rate. This has been an established custom in our wage schedule, and I don't think that we'll be able to get away with increasing one bracket for one craft without having trouble with the other crafts. We've always recognized that a first-class steam-fitter, a first-class welder, a first-class electrician, in fact, a first-class man in any craft should be rated alike. That is why our wage schedule is set up as it is.

EVERY: I need some information on this question and want to discuss this further when you have more time. Meanwhile, I should be obliged if you would look into this and some time later, at your convenience, come into my office. I should like, if you could find the time, to have your definition of a first-class electrician, keeping in mind the work that he has to do in our plant. I should also like a list of the men whom you consider to be first-class men. Understand, I don't want the names of those who are listed as first-class men through a wage increase or some other factor. I am only interested in the names of those men whom you really regard as first-class men on account of their training, experience, and ability; men that you can depend upon to do first-class work and whom you would wish to pay top money.

DICKSON: I'll be glad to do that, Jim.

A few days later, Monday, June 14, 1937, Mr. Dickson came into Avery's office and submitted the following information:

Definition of First Class Electrician

Ability to perform the highest type of electrical work such as: installation of new equipment, re-vamping, or re-locating old equipment, running power lines in buildings and under ground, installation of machine tools, testing equipment, lighting, and so on: or responsibility of answering trouble calls that come into the electrical department in the replacement of fuses, trouble shooting and inspection; or repairing of electrical fractional horse power motors, electric drills, and portable tools. Also assume the responsibility for a helper or helpers who work with a first-class man ordinarily.

Names of men who can do this work

McCarty
Robinson
Jones
Elder
Warner

The following is part of the conversation that ensued:

DICKSON: I feel, Jim, that if you were going to agree to any changes in brackets that we ought to come to an understanding with the men as to what the duties in the various classifications are. I believe that the five men whom I have listed as real first-class electricians should get more money than our present bracket allows. On the other hand, I don't want to make a bracket that would allow every one of the 22 men who are now listed as first-class electricians to fall into it.

AVERY: I am glad to get your slant on this thing, George. Those are my sentiments exactly. But to tell the truth, I don't feel like doing anything about this whole question for the present in view of the fact that we're paying the prevailing rates in the community for similar work and we've just had a general wage increase. During the negotiations I specifically pointed out the inequalities in the rates of the maintenance men and asked for cooperation to straighten them out. We told this group that we were willing to pay more money for certain occupations if we could get the cooperation of the committee in the evaluation of the work. In other words, we made it clear that we only wanted to consider men who were really qualified according to ability, training, and effort.

On June 30, 1937, the industrial relations supervisor called a meeting at which the following men were present:

MR. CAMERON.

MR. JONES.

MR. McCARTY.

MR. DICKSON

MR. AVERY.

AVERY: Well, gentlemen, I've gone into the matter of your request and hope that you fellows have given some thought to it also. My first thought in this matter was to find out, if possible, what other companies did in the matter of evaluation between one craft and another. I did this in two ways:

First, by contacting different men in different plants and asking the question: "Do you feel there should be any difference in rating between a first-class electrician and any other first-class men in maintenance crafts?"

I found that all of them (some 25 companies were represented) stated that there was no difference. That if a man was a first-class man and did first-class work he was paid accordingly, regardless of his craft.

My second check consisted of a survey of some 300 craftsmen and their wage rates. I found that there was little or no difference

between the various crafts. That is, I didn't find a great deal of difference between the average earnings of first-class electricians, pipers, tinsmiths, millwrights, welders, or carpenters. I did find, however, that different plants were paying higher rates to exceptional people. I also found that considering such occupations as painters, oilers, and beltmen, we are paying them more than they're getting in other plants. This means in a sense that we are probably paying more money than we should for these occupations. Another thing that I looked into which is interesting is the recent agreement between the building-trades union and the building-trades contractors. The rates of pay here indicated that with the exception of masons, other crafts in work similar to ours were getting the same rates of pay.

CAMERON: Well, of course, we're not interested in the building trades. That's an A.F. of L. crowd.

AVERY: I merely mention it to show the extent to which I've gone into the problem to find an answer to your request. Regardless of who it is, it does show at least a change in thinking over the past few years with regard to evaluation of rates of pay for different crafts. You will recall that in the building trades the electricians were always considered top and in the highest three.

JONES: Well, the building-trades rate for electricians is \$1.37½ an hour. Our top rate is only 90 cents.

AVERY: True, but remember your work is steady during 12 months of the year, while the building tradesman has work only when he can get it on a particular project.

MCCARTY: Mr. Dickson, don't you honestly feel, (you know the fellows), don't you feel that electricians ought to get more money?

DICKSON: I'll say this, McCarty: There are some of you men that I would like to give more money to. But I'm handicapped due to the fact that we're paying more money as a whole in our maintenance department than we should. There are five men in our department that we ought to pay first-class money to. And you know as well as I do who they are. But I don't feel like raising some 17 others that are not really first-class men.

CAMERON: Well, I can tell you one thing, we don't intend to lower any rates for the sake of giving a few a raise.

AVERY: I think that is unnecessarily said, Mark. We have never lowered any rates, and we don't intend to do so now. The only thing that we do want to bring out is that we are not giving our money where it ought to be given in recognition of ability and quality of work done. We've done too much about trying to get a man rated as a first-class man in order to get a raise for him regardless of the fact whether or not he really did first-class work. I want to show you here a couple of charts which show what I mean. In the first chart you see the present condition of our organization, 22 men are listed as tops, or first-class men. We don't have that much first-class work around here in the first

place. Only 4 men are listed as second-class men; and 9 of them are helpers. Obviously this organizational setup is wrong. We've got more captains than we've got privates.

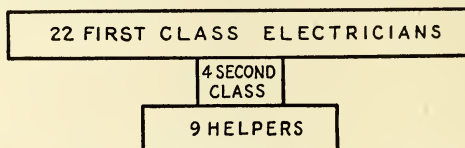


CHART X.—Classification of electricians in the maintenance department, National Manufacturing Company, Inc.

Our second chart shows what the organization ought to be according to a strict interpretation of labor grade. There are

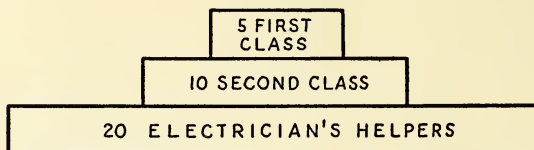


CHART XI.—Classification of electricians in the maintenance department, National Manufacturing Company, Inc., according to a strict interpretation of labor grade.

five men who actually do first-class work. Ten men are doing second-class work; while 20 men should be classified as helpers.

MCCARTY: Well, why not give the first five men a raise?

EVERY: Mr. Dickson has already told you why we cannot do that, and I would not consider breaking any brackets at this time which would disturb the whole maintenance department. I would like to change the organization on the basis of a strict job evaluation, and the second chart shows you what I would like to see. Now this is the very thing we tried to do in our last negotiation but were not able to do because you men would not give us your cooperation.

CAMERON: It seems that you're blaming everything on the union.

EVERY: I'm only stating facts, Mr. Cameron. You will recall that this was discussed in our last negotiation. We are still maintaining our policy of paying the prevailing rate in this community and that doesn't mean that we're matching every wage that the other fellow is paying. It is possible that you can show me a man here and there who is getting more money but you will agree that in such cases we're dealing with exceptional men in their class.

CAMERON: Well, is this final? Is there no more to talk about? How about asking the manager what he thinks?

EVERY: I am stating the manager's views on this. People in the community are giving increases to match our wages. It doesn't happen to be the reverse this time. I'm sorry that I can't do anything

for you people but I don't expect to make a home run every time I go to bat. This is one time apparently that I'm not making a home run. The time may come when we can get together on this matter. But it is certainly not at present.

McCARTY: Well, it's quite evident to me that skill and ability don't mean much under this present setup. I don't know who is responsible for it, but I think it's a damn shame.

CAMERON: I think we'd better adjourn and I'll see about taking it up later with the manager.

The following chart shows the rate structure among electricians in the maintenance department. *A* gives the distribution of the members in the various classes. *B* presents the same distribution but in addition, shows each man's chronological age and length of service with the company in years.

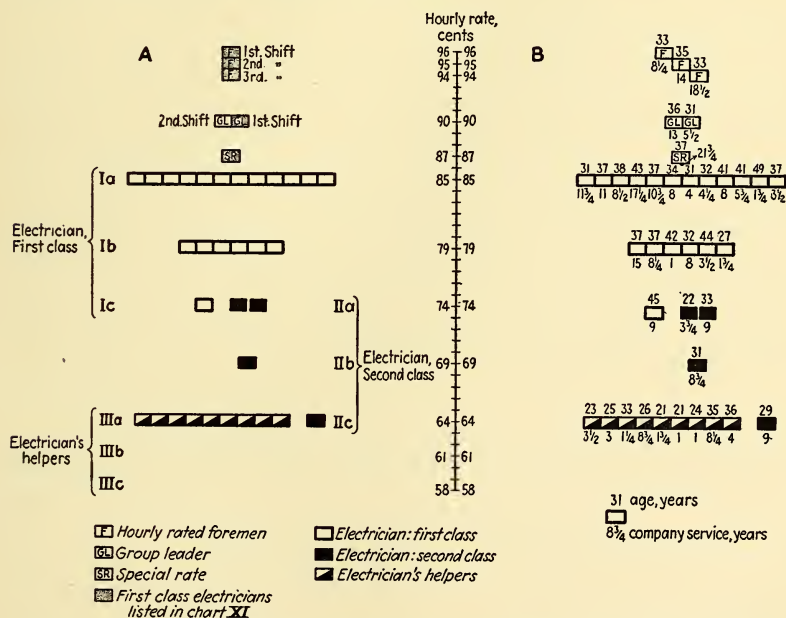


CHART XII.—Wage rates of electricians in the maintenance department, National Manufacturing Company, Inc.

CASE 28. SALARY ALLOWANCE DURING ABSENCE

(Policy at the New Process Rubber Company, Inc.)

During the spring of 1937, when the state unemployment commission was formulating the state unemployment compensation laws, the management of the New Process Rubber Company thought it advisable to establish an accurate attendance record for all employees. It was thought that such a record would be needed to establish the amount of compensation to which an unemployed person might eventually be entitled. This decision led to an examination of the company's attendance records, which disclosed the fact that absence among the clerical force was not being accurately recorded. It was the duty of the clerical payroll paymaster to maintain such records. When confronted with the criticism that the records were inadequate, he complained that many department heads were not cooperating sufficiently to enable him to keep an accurate record of all absences. For instance, many department heads were not reporting short absences at all and merely reported absences of extended duration. This complaint led to a review of the system outlining the company policy for payment of salary during periods of absence. The policy was as follows:

Clerical employees who are absent due to sickness or disability (nonindustrial) may receive their salary in accordance with length of service as follows:

Length of Service, Years	Week's Salary
6 months to 1 year	1
1-2	2
2-3	3
3-4	4
4-5	5
5 and over	6

Whenever a case of individual absence exceeds the above limit, the department head shall report the case to the treasurer for review. If circumstances so warrant the treasurer may extend payment of salary for a longer period but will otherwise notify the paymaster to suspend salary until the employee returns to work.

It was the duty of the plant auditor to formulate and keep up to date all company systems. The treasurer, therefore, instructed Mr. Blake, the auditor, to interview several department heads and find out whether they were uniformly adhering to the system.

Mr. Blake went first to Mr. L. D. Richy, who he had reason to believe was not reporting short absences among his clerks. The following is not a report of the entire conversation but merely a digest of statements pertinent to the case.

Characters:

MR. BLAKE, plant auditor.

MR. RICHY, superintendent of the mechanical-goods department.

MR. SHERWIN, superintendent of raw material and office supplies.

MR. BLACK, manager of the accounting department.

BLAKE: I am checking up on our system as it relates to clerical absence.

Do you report every clerical absence that occurs in your department?

RICHY: No, I never report it if a girl loses only one day, but I do if she loses several days in a row.

BLAKE: Why do you make that distinction?

RICHY: I am merely following the system. If she loses only one day she is paid for it anyway, so why report it? If she is out several days, however, I always send it through on the weekly attendance report in case she may run beyond her quota for salary allowance according to the system.

BLAKE: According to your interpretation of the system, the suspension of salary allowance for sickness applies only when the time limit is exceeded in one period of continuous absence, is that right?

RICHY: That is correct.

BLAKE: Well, that is not my interpretation. I have always understood that the limit applied to an accumulation of all absences throughout the year, short or long.

RICHY: I never got that slant on it.

BLAKE: According to your arrangement you place no penalty at all on the girl who is a chronic short-time absentee and loses a few days each month.

RICHY: I consider that a matter for supervision to look after. Under proper supervision no clerk should stay out unnecessarily and no sick girl should be allowed to work. And I can tell you right now, that's the way it works in my department. We don't have any chronic absentees.

Mr. Blake then called upon Mr. Sherwin and asked him whether he was reporting every absence among his clerks.

SHERWIN: Yes, I keep a record of all lost time and accumulate it for each girl throughout the calendar year. It's very seldom that a girl exceeds the limit under the system. If she does, I always take it up with the treasurer.

BLAKE: Good, That's exactly according to the system as I interpret it.

Mr. Blake then called upon Mr. Black, in charge of a large number of clerks. In answer to his question regarding clerical absences he received still a different answer:

BLACK: I follow the system to the letter, except for half days. I run a sort of debit and credit system for half days, but any lost time of a full day or more goes on the absence record and is charged against the employee for the next 12 months.

BLAKE: You mean for the calendar year, don't you?

BLACK: Oh no, not on a calendar-year basis. I keep an accumulation of the past 12 months ending on the current date. It's much fairer than the calendar year. Your calendar-year arrangement may wash off an accumulation of absence for November and December and give the employee a clean slate on Jan. 1. Under the continuous 12-months' plan, an absence will always be charged against an employee and added to any other absences for the current 12 months.

BLAKE: That's a new one, but I see your point of view. And how about this half-day debit and credit business?

BLACK: As you know, the volume of work fluctuates during the month, causing some overtime. If a girl loses half a day, I charge it against her as a debit until she works enough credit through overtime to cancel it. In the same way, if a girl has not lost any time, and I ask her to work overtime I credit this extra time to her and allow her to take an equivalent amount of time off when we are not rushed.

Further investigation by Mr. Blake convinced him that almost every department head had a different idea as to the meaning of the system. He concluded that the company's policy on clerical absence would have to be stated much more specifically than the current policy was written. He reported his findings to the auditor and at the latter's suggestion set out to rewrite the policy. In this work he was assisted by Mr. Black, manager, accounting department, and Mr. Harvey, supervisor, pay-roll department.

The policy as rewritten provided that all lost time of one-half day or more should be recorded daily, classified according to reasons, and reported to the office manager. The following symbols were to be used to indicate different types of absence:

S.....	Sickness
IA.....	Industrial accident
NIA.....	Nonindustrial accident
OR.....	Other reasons: <i>i.e.</i> , death in family, sickness at home, funerals, personal business, etc.

It was further provided that any time lost for reasons other than personal sickness or disability should be paid only with the approval of the treasurer.

The new system provided that the office manager should maintain a complete record of all clerical absences accumulated daily for the 12 months ending on the current date. The following form was proposed for this purpose:

Employee's Name	Last Year 1936				Current Year 1937								Current Month September																														Service Allowance (in days)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
	S	O	N	D	J	F	M	A	M	J	J	A	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
Helen Howe	10	0	4	5	0	6	0	0	0	0	4	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															

Note: All unpaid absences should be encircled to identify them, in order to avoid their being charged against the employee's lost time salary allowance

CHART XIII.—Sickness absence, New Process Rubber Company, Inc.

The purpose of this record was to limit payment of salary during disability on the following basis:

Employed Up To	Week's Salary, Allowed
6 months.....	0
6 months to 1 year.....	1 (5 days)
1 year to 2 years.....	2 (10 days)
2 to 3 years.....	3 (15 days)
3 to 4 years.....	4 (20 days)
4 to 5 years.....	5 (25 days)
5 to 10 years.....	6 (30 days)
10 years and over.....	6 plus 1

day's salary for each year of service above 10.

The record sheet permitted entries to be made for a period of 13 months. This was to allow computation for any date between the first and the last of the month. However, reference to absences in the first month of the 12-month period necessitated a check back to the daily record for that month.

Mr. Blake selected two actual cases of extended absences to illustrate how the new record system would work.

1. *Example of Helen Howe.* Miss Howe's record shows that she had lost 29 days during the 12 months preceding September, 1937. She had received her salary during all this lost time because with a service record of five years she was entitled to 30 days' sickness allowance in any 12-month period.

Under the old system, she would have received salary for her absence on Sept. 10, 1937. However, in checking back to September, 1936, it appeared that the 10 days lost in that month occurred during the last two weeks of the month. Therefore, her absence on Sept. 7, 1937 constituted the thirtieth day of absence in the current 12 months' period. For this reason, under the new system, she would not be entitled to receive pay for her absences on Sept. 10 and 13, respectively. However, she would be paid for her absences on Sept. 17 and 20, because she would begin to regain sickness absence credit on Sept. 17.

2. *Example of Dorothy Bryan.* Dorothy Bryan had a service record of four years and so would be entitled to 20 days' sickness allowance in any 12 months. Hence she would be paid for all absence shown on the record up to Sept. 22 and 23.

After reviewing the new policy, the employment manager called a meeting of major plant executives from factory and office to discuss its merits. He asked Mr. Blake to present the policy to the group. Mr. Blake outlined the proposed policy and the record system provided for its administration. He pointed out the following advantages:

1. This plan sets up a system that is obviously more fair to the employees than the calendar-year system. Under the calendar-year plan it would be possible for an employee to receive salary for six weeks of lost time in November and December and then immediately receive six weeks more allowance in January and February of the following year or a total of twelve weeks for one continuous absence. The only way to avoid this contingency under a calendar-year arrangement would be to allow not more than six weeks for any one continuous absence. This would mean, however, that a person might return to work for a short time in January and again become eligible for six more weeks. This would obviously be unfair to the person who was deprived of the second six weeks because of twelve continuous weeks of absence.

2. Under the proposed twelve months' plan, an absence of six weeks would not wash off the record until twelve months hence, regard-

less of the time of year in which the absence occurred. This plan, therefore, places a penalty on the chronic absentee, which is exactly what we want to accomplish.

3. Furthermore, since past absences do not wash off the record at the close of the year, it actually costs the company less money for sickness absence.

4. In addition, it "gets the chiseler" who would take advantage of a calendar-year schedule by staying out toward the end of the year, knowing that the absences will wash off the record when the new year starts.

5. Our old policy was set up rather indefinitely for the guidance of management and was susceptible to a wide variety of interpretations, which resulted in considerable inequality in the allowance to different employees. Today, our clerical employees are unionized and will, therefore, make comparisons between cases and complain if employees do not receive equal treatment. Management can no longer make a liberal interpretation of a sickness-absence policy. They must establish a definite rule and stick to it. Formerly, our policy was not announced to employees. The union will insist upon its being announced. Therefore, it must be more specific and fair to all. The new policy is specific and can be fairly and equably administered.

During the subsequent discussion of the new policy, the following comments were offered:

1. I would agree that the proposed policy is mathematically accurate and that it can be equitably administered, but I also believe that it loses sight of the major purpose behind any human relations policy. As I see it, such a policy is set up to promote good will among all employees. The implications of this policy, that employees have a "chiseling attitude" will be resented and create bad feeling. We can well ignore the exceptional chiseler who may try to beat the system. Such isolated cases are unimportant and can be dealt with by intelligent supervision.—(Manager, Manufacturing Division A)

2. I believe it is a mistake to leave the medical department entirely out of the picture in the proposed policy. Through our visiting nurse, the medical director is in close touch with every absentee. A sick absentee cannot return to work without his approval. I believe his department should keep the absentee records, and I believe he should be in a position to recommend an extension of salary allowance beyond the policy limits when he believes circumstances so warrant. I can see nothing wrong with the old policy under which we have operated so long without any trouble. I think the old policy should be continued with the exception of the changes that I have indicated.

—(Manager, Industrial Relations)

3. I dislike the emphasis on "chiseling employees." In my opinion the new policy itself is a "chiseling" policy which encourages employees

to try and beat the system. I don't see why employees would not be tempted to regard a specific sickness allowance as a right and toward the end of a twelve months' period avail themselves of any credit that they feel they have "coming to them." It is my opinion that if we set up a policy that is obviously fair and liberal in its intent, the employees will accept it on that basis and make no effort to abuse it.

—(Employment Manager)

4. In my opinion, an announced policy must be one that the employee can easily understand. I am free to admit that I have found it difficult to understand the proposed system. It also appears to me to be a costly system in terms of the clerical work it requires.

—(Manager, Manufacturing Division B)

5. I am certain that cases will arise where employees will be puzzled why they receive their salary for one day's absence in a given month, when their salary is withheld for another day simply because their sickness credit for the 12 months' period was used up. Every such case will call for explanations and may lead to a complaint.

—(Manager, Industrial Relations)

The general consensus of the meeting was that the proposed new system should be held over for further consideration. It was suggested that the employment manager make a survey of existing information on sickness absences among clerical employees.

In accordance with this suggestion, the employment manager assembled the following statistical information:

TABLE IV
1936 CLERICAL PAY ROLL: LENGTH OF SERVICE (0-10 YEARS)

Department	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total, days
Production listing, incentive.....	4	3	1	2	5	1	10	26
Production listing.....	7	1	2	..	3	..	8	21
Pay roll.....	6	7	2	..	5	2	12	34
Factory cost accounting.....	3	..	..	..	1	1	6	11
Filing and mailing.....	7	1	2	..	..	..	1	11
Manufacturing administration.....	5	..	1	1	1	3	1	12
Billing.....	2	..	1	..	2	1	7	13
Tabulating.....	3	..	2	1	5	1	9	21
Process administration	2	..	1	..	3	1	1	8
Watch.....	..	..	1	..	..	..	3	4
Miscellaneous.....	21	11	10	8	11	3	27	91
	60	23	23	12	36	13	85	252

TABLE V

1936 CLERICAL PAY ROLL: DAYS LOST THROUGH SICKNESS ABSENCES BY DEPARTMENTS AND LENGTH OF SERVICE

Department	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total, days
Production listing, incentive.....	0	2	0	0	13	0	80	95
Production listing....	0	0	0	0	4	5	1	10
Pay roll.....	0	1	4	0	8	5	16	34
Factory cost accounting.....	0	0	0	0	0	0	11	11
Filing and mailing....	0	0	1	0	0	0	16	17
Manufacturing administration.....	2	0	0	0	0	4	3	9
Billing.....	0	0	0	0	4	32	19	55
Tabulating.....	0	1	1	0	4	14	8	28
Process administration	0	0	0	0	4	5	1	10
Watch.....	0	0	25	0	0	0	0	25
Miscellaneous.....	0	5	10	4	21	32	29	101
	2	9	41	4	58	97	184	395

TABLE VI

1936 CLERICAL PAY ROLL: HYPOTHETICAL ABSENCE ALLOWANCES WITH PAY ACCORDING TO THE PROPOSED NEW SYSTEM (0-10 YEARS SERVICE)

Department	0-6 months	6-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total, days
Production listing, incentive.....	0	15	10	30	100	25	300	480
Production listing....	0	5	20	0	60	0	240	325
Pay roll.....	0	35	20	0	100	50	360	565
Factory cost accounting.....	0	0	0	0	20	25	180	225
Filing and mailing....	0	5	20	0	0	0	30	55
Manufacturing administration.....	0	0	10	15	20	75	30	150
Billing.....	0	0	10	0	40	25	210	285
Tabulating.....	0	0	20	15	100	25	270	430
Process administration	0	0	10	0	60	25	30	125
Watch.....	0	0	10	0	0	0	90	100
Miscellaneous.....	0	55	100	120	220	75	810	1,380
	0	115	230	180	720	325	2,550	4,120

TABLE VII
1936 CLERICAL PAY ROLL: EMPLOYEES BY LENGTH OF SERVICE (10 YEARS AND OVER)

Department	Years																																								Total
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40										
Production listing, incentive.....	4	3	2	2	2	3	..	1	..	2	..	1	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	21
Production listing.....	..	2	..	4	..	2	..	4	..	1	..	1	..	1	..	..	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	16
Pay roll.....	2	1	2	3	3	2	2	..	2	1	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	20
Factory cost accounting.....	2	3	2	2	..	..	..	..	..	1	1	..	..	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	12
Filing and mailing.....	..	..	..	..	1	1	..	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3
Manufacturing administration.....	1	..	1	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4
Billing.....	2	1	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	4	
Tabulating.....	2	1	..	..	..	1	..	1	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	6
Process administration.....	2	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3
Watch.....	1	..	2	..	..	..	..	2	1	..	2	..	..	..	..	1	2	1	..	..	1	1	1	3	1	3	2	..	..	2	..	..	..	..	26
Miscellaneous.....	12	9	9	7	8	5	10	2	5	6	6	..	..	1	1	1	1	2	2	1	..	..	..	..	..	..	..	1	..	..	..	..	..	..	89
	28	21	18	20	15	13	15	8	7	15	9	2	0	2	1	2	4	3	2	2	1	2	1	3	1	3	2	2	..	12	..	..	..	204				

Number of employees with 10 years and over: 204.

TABLE IX
1936 CLERICAL PAY ROLL: HYPOTHETICAL DAYS' ABSENCE ALLOWANCE WITH PAY ACCORDING TO THE PROPOSED
NEW SYSTEM (10 YEARS AND OVER)

SUMMARY OF THE STATISTICAL INFORMATION REGARDING THE SICKNESS ABSENCES OF CLERICAL EMPLOYEES

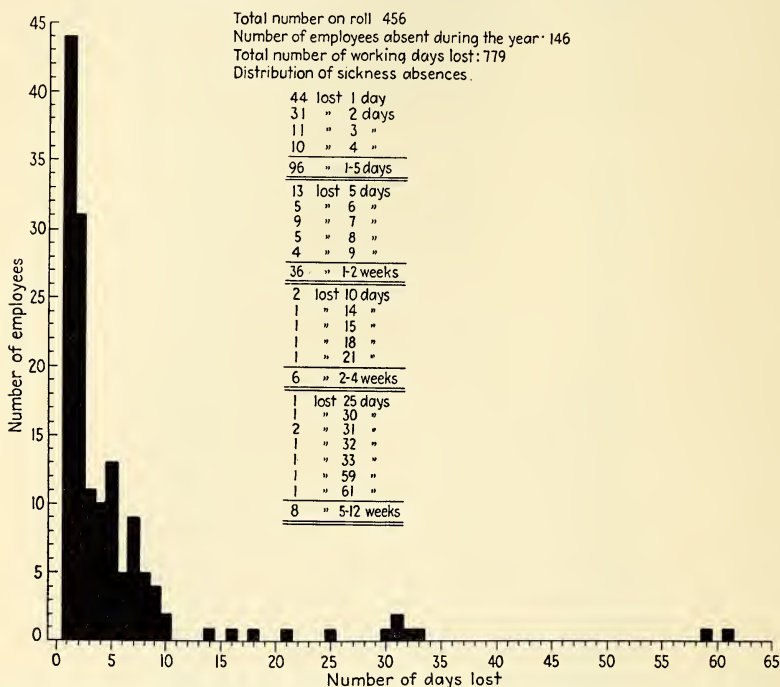


CHART XIV.—New Process Rubber Company, Inc., sickness absences for 1936, clerical pay roll.

In 1936, 456 employees were on the clerical pay roll of the New Process Rubber Company. Of this number, 146 employees were absent because of illness for a total period of 779 *days*.

If the proposed sickness absence policy had been in effect, and if the employees had availed themselves of their entire absence allowance, the company would have lost 11,670 *working days*.

The majority of the employees were absent only 1 to 5 days.

CASE 29. THE WILSON CASE

(Employees' demand for a wage increase covered dissatisfaction with alleged unfairness in rating.)

The National Manufacturing Company had a wage schedule in which all occupations were listed and defined. Each occupation had a base rate, which listed the minimum and maximum of wages paid. The employees called this base rate a "bracket." For example, the base rate for a rough polisher was 55 to 59 cents per hour. A finish polisher received 59 to 66 cents per hour. This wage schedule was originally set up in negotiation between management and employee representatives as a result of a study of the relationships between one occupation and another. Asking for an increase in a bracket was tantamount to asking for a general raise in this occupation. Reviewing a rate card meant that the wages of an individual in any particular occupation were considered.

The National Manufacturing Company had a signed agreement with the United Electrical and Radio Workers of America and operated an Employee Representation Plan. The setup of this plan allowed one representative for each department and occupation. For instance, there was one union representative for the rough polishers and another for the finish polishers. In meeting with management, each of these representatives was allowed to bring a workman of his group with him if he so desired.

On Jan. 13, 1937, Mr. Cameron, president of the union, submitted a written complaint with reference to the polishers of department G-24 and asked for a meeting with management.

The industrial relations supervisor sent a reply, advising the president of a meeting to be held on Jan. 14, 1937, at which the foreman and the employee representatives of department G-24 would be present.

On Jan. 14, 1937 the meeting was held in the office of the industrial relations supervisor, Mr. Avery. Those present were:

MR. CAMERON, president of the union.

MR. O'ROURKE, foreman, Department G-24.

MR. JAMES, finish polisher and representative.

MR. CARLSON, finish polisher.

MR. SMITH, rough polisher and representative.

MR. JONES, rough polisher.

MR. AVERY, supervisor, industrial relations.

The following conversation took place:

AVERY: I have here a complaint from the union which I would like to read for the benefit of all those present:

We, the Polishers of Department G-24 feel that the foreman is not rating the men properly in his department with respect to their occupation. In view of this we would like to go over the present brackets for an increase in them.

(s) CAMERON, President

Mr. Cameron, inasmuch as you brought the complaint, have you anything to add?

CAMERON: No, not particularly, but these men feel that they are not treated right in the matter of rating and that they should get more money for their work considering the fact that it is hard work, dirty and wet, and that they have to buy more clothes than the average worker in the rest of the plant.

O'ROURKE: I believe that these men are earning good money regardless of their base rate, and that there's nothing to kick about. In the matter of clothing, I should say that extra wear and tear is one of the accepted hazards of the occupation. As long as I have been in the same game (and that is over 30 years), that hazard has been taken into consideration in the bracket of the job.

SMITH: Nevertheless, Mr. Avery, we don't feel that we're getting paid what other polishers in the community are getting. We feel that we should be given more consideration.

JAMES: That's right. I know a number of the employees of the Electrical Appliance Company and know for a fact that they are getting more money than we are, despite the fact that they don't do the high type of work we do.

JONES: I've been a finish polisher all my life and I'm getting the rate of a rough polisher.

AVERY: That may be true, Mr. Jones, but remember we pay for the job and not the man. For instance, we might have a toolmaker and just because we haven't got a toolmaker's job for him, he might have to run a drill press. Obviously it would not be fair to pay him a toolmaker's rate on this job.

CAMERON: Yes, I agree with Mr. Avery. That is our policy. The rate carries the job and not the man.

O'ROURKE: If I had enough finish polishing work I should be glad to give it to you, Mr. Jones. On the other hand, I'm interested in keeping you working and don't want to send you home when I don't have finish polishing work to do.

CAMERON: I think that's understood by all of us. But how about the point that Mr. James and Mr. Carlson brought up . . . how about giving some consideration to an increase in rates?

AVERY: It is a policy of our company to pay at least the prevailing rate in the community for similar work. I believe we are following that policy; in fact, we're paying not only the prevailing rate, but more.

CARLSON: I don't believe it. I know a man who lives next door to me who gets as much as a dollar an hour.

AVERY: That may be true, Mr. Carlson. There may be a special reason why his company is paying him that rate. He may be paid for special ability. But, on the average, we are paying more than anyone else in the community for similar work. I have a chart here which shows the earnings of workers in similar occupations in various companies. This is proof that we are paying more for polishing work than anyone.

JAMES: Well, who are these companies you're talking about?

AVERY: I'm sorry, but I'm not privileged to give you the names of these companies. But they are companies in this community which employ more than 200 people and have work similar to ours.

CAMERON: I don't believe we care what is paid in this community. We're only interested in our own people. And we want a bracket increase.

AVERY: I'm sorry, Mr. Cameron, that we can't grant a bracket increase at this time. I'm not interested in increasing any brackets which will disturb our present wage schedule. For me to satisfy one group would only bring another group down on my neck.

CAMERON: Why couldn't we go over individual rates in this department and see if we can't do something for somebody?

AVERY: I've no objection to this if it is all right with Mr. O'Rourke. He knows the men better than I do and it is his prerogative to raise men within the brackets according to their ability, any time he sees fit. And, I believe, he's been doing that. How about it, Mr. O'Rourke?

O'ROURKE: You bet.

SMITH: Well, he hasn't been doing it. And I don't think he's fair the way he hands out raises or classes his people.

AVERY: I wouldn't say that, Mr. Smith. This is the first time I've had a complaint of Mr. O'Rourke or his department, and Mr. O'Rourke's been with us for more than 15 years. You must remember that we can't hit a home run every time we go to bat. All I say is, if Mr. O'Rourke has talked to you and told you the reason why he couldn't give raises and been fair about it, I don't see why you have cause to complain.

CAMERON: Why can't we look over the rate cards?

O'ROURKE: I'm willing to go over them if Mr. Avery wants to.

AVERY: Why don't we? (Calls for the rate cards of Department G-24. The secretary brings them and the group goes over each card. In the process of doing this, Mr. James picks out the card of Mr. Wilson, a fellow workman. He hands it to the foreman.)

JAMES: How do you account for this fellow, Wilson, being a finish polisher?

O'ROURKE: He isn't a finish polisher. He's an acid dipper.

JAMES: Well, his card here classes him as a finish polisher.

O'ROURKE: There must be some mistake.

JAMES: Well, there isn't, and you signed the card.

O'ROURKE: I don't know how that happened, but anyway, he's not a finish polisher.

CARLSON: You're damn right he isn't. But he was told he was, and he thinks he is. And our men are sore about it, see? They say, if Wilson is a finish polisher then we're silversmiths.

CAMERON: Well, is that what's bothering you fellows . . . that this Wilson here is called a polisher and isn't?

CARLSON: Yeah, he happens to be a friend of O'Rourke here and he's been bragging about it for weeks. And our fellows say that if Wilson is getting paid as a finish polisher we ought to have more money.

CAMERON: Mr. Avery, I think they're right, don't you?

AVERY: If it is true that Wilson gets the pay of a finish polisher, I think the men have a cause for complaint. But as Mr. O'Rourke says, there must be some mistake. Let me see that card . . . (examines card). Why, it says right here that the boy is getting the pay of an acid dipper, and that's. . . .

SMITH: Let me see that card. . . . If this is so, we haven't got anything to kick about. We thought he was getting a finish polisher's money.

AVERY: Well, according to this card, he isn't. His classification as a finish polisher was a mistake. Does that settle everything?

JAMES: As far as I'm concerned.

O'ROURKE: Well, and I want to tell you fellows that Wilson is no special friend of mine. I do happen to have known him before he was employed here, but I treat him just the same as I do you. I didn't know that Wilson was doing any bragging. I do wish that you fellows would come to me first instead of bringing me on the carpet with Mr. Avery.

AVERY: Well, Mr. Cameron, I think this is all straightened out, don't you?

CAMERON: Yes, I believe it is.

AVERY: Before we adjourn, I should like to add for the information of all that you should feel free at any time to see me if anything is bothering you. On the other hand, we expect that you have and will continue to have confidence in your foreman and discuss matters with him first.

SMITH: Well, if he shows a willingness to talk with us, I'm sure we'll be glad to talk to him.

AVERY: How about it, Mr. O'Rourke?

O'ROURKE: Well, I've always done that. I believe there was a little misunderstanding here.

CAMERON: Well, let's adjourn and forget it.

CASE 30. THE GROUP-LEADER PLAN

(Description of a change in the method of payment and consequent changes in organization.)

Plant No. 10 of the National Manufacturing Company, Inc. manufactured refrigerators, and motored appliances such as fans and vacuum cleaners. Operations were carried on in a thoroughly modernized plant with an overhead conveyor assembly line in the refrigerator division and bench assembly lines in the motored appliance division. In 1936 the plant employed about 5,000 men and women.

About the year 1918 the executives of the National Manufacturing Company, Inc. changed their payment plan from straight piecework to group piecework. They gave the following reasons for this change:

1. Under the straight piece work system, exceptionally skilled employees were frequently penalized. The foreman tended to entrust these individuals with the more difficult tasks in order to make sure that they were well done. Consequently, a less skilled worker who received nothing but the ordinary run of assignments was often able to earn a higher wage than the more skilled worker. This inequitable distribution of earnings could be avoided under the group piece work plan since earnings were pooled, and individual workers were given their proportionate shares.

2. The second difficulty under the straight piece work system was the problem of favoritism. There were many complaints that foremen tended to discriminate and give to their favorites the so-called "fat" assignments, that is, long-run jobs on which an operator could gradually get into the swing of the job and steadily increase his total output, and consequently his earnings. "Lean" assignments were either very complicated or else of the short-order variety on which an operator was hardly able to establish a maximum pace. The group payment system obviated this difficulty by putting a premium on co-operative effort. Since the earnings were pooled, it was in the interest of the group to divide the work to suit the abilities of the individual workers and to coordinate their individual efforts as effectively as possible.

3. A third difficulty under straight piece work was the problem of training new workers. The training of apprentices was a day-rate job much disliked by the workers. The more able an individual worker, the greater his dissatisfaction if he was asked to break in a new worker.

Under the group piece work plan it was in the interest of the group to entrust training to the most efficient and able workers and thus shorten the learning process of newcomers as much as possible.

Management believed that the group piecework system was most effective in small groups, since it was possible for each worker to know the others, and individual differences among workers could be utilized most effectively to form an integrated group activity. Such integration presupposed leaders who were members of the groups, and who were thoroughly conversant with the situation at the work level. It was necessary for someone to be responsible for seeing that each member of the group worked under the most effective conditions for him, and that raw materials or partly finished products were on hand when needed for processing or assembling. In response to this need, the group-leader plan was developed as an adjunct to the group-payment system.

Another aim of management in developing the group-leader plan was to bring forward those people who showed real leadership abilities. The group-leader position was to be a testing ground for future supervisory material, although appointments to such positions would not commit management to future promotions. Therefore management decided to appoint to these positions workers who were expected to be of supervisory caliber. Management believed that it was also important to appoint, as group leaders, workers who were acceptable to the group. In some cases, when a group proposed two or three eligible men as group leaders, management allowed the workers to make their own choice.

Under this plan the group leader was not a representative of management. The function of delegated authority belonged to the foreman and his assistant. As accredited representatives of management, the latter were given partitioned-off office space in the various departments where the groups were at work. Management made it clear that the foreman and the assistant foreman were the official representatives of the company. They were leaders of groups of workmen rather than of individual workers. The group leader, however, was identified with a group of individual workers. Instead of being a representative of management, he was what might be called a "leading hand," or "working leader."

This conception of the group leader's status was also expressed in his wage payment. He was still an hourly rated employee and usually received the maximum rate for his particular kind of work. For his services as group leader, management paid him an additional remuneration. This was determined by (1) the length of time required to train for his job and (2) the number of people under his supervision. Accordingly, group leaders received an additional hourly compensation ranging from \$0.03 per hour for less skilled work to \$0.10 per hour for more skilled work.

The duties of the group leader and the number of workers under his supervision varied somewhat with the type of work in which his group was engaged. A group of girls winding electric stators for motored appliances might contain as many as 30 or 40 workers, while a subordinate group in an assembly line might be made up of only six. On the whole, management preferred to restrict groups to 15 members wherever possible.

Management expected the group leader to build up and maintain group morale. It was his function not only to integrate his group but to mediate between it and other groups and between it and management. He was expected to see that the group had as steady a flow of work as the business situation permitted, and that it was adequately supplied with necessary piece parts and raw materials. The group leader also taught newcomers their job and helped them, as well as older employees, to acquire the most efficient work habits.

In the minds of his fellow group members, however, the group leader's most important activities were those dictated by job requirements. He was responsible for such paper work as checking order specifications and reporting the number of units finished by the group. He had to be alert to see that jobs were carried out according to stated requirements. For instance, on a punch press operation for which copper was specified it happened that material of prescribed dimensions, but brass instead of copper, was delivered to the group for the production of a piece part. The die was set up and the brass material run off to produce the first few pieces for preliminary inspection. The floor inspector passed the parts, failing to notice that the wrong material had been used. The error was not discovered until the entire order had been completed and subjected to final inspection. In this situation it was agreed that the group leader should have checked

the drawings and specifications for the type of material to be used, and that the floor inspector should have done likewise. The group was not paid for the work it had performed.

The workers tended to prefer group leaders who were skilled workers themselves and who confined most of their attention to the actual work on hand. They did not like to see their leaders spend much time and energy on activities that seemed to them to have no immediate connection with their own work.

At one time in the administration of the group-leader plan, management was confronted with the following problem:

One group of workers on the assembly line petitioned management to remove its group leader. This group leader was also a union representative, and, in complaining to management, the workers had no other fault to find with him than that he spent too much time on union activities. In accordance with its general policy of employing group leaders who were acceptable to their groups, management would ordinarily have removed this man and appointed some other worker to the position. In this case, however, management felt that it would be accused of discriminating against a representative of the union.

SECTION VIII

WAGE ATTACHMENTS AND LOANS TO EMPLOYEES

CASE 31. WAGE ATTACHMENTS AT THE NATIONAL MANUFACTURING COMPANY, INC.

A wage attachment, trustee or assignment, is an instrument by means of which a creditor takes legal action to enforce the settlement of an overdue account. Every time such an attachment is received, management is obliged to withhold everything over \$20 the employee-debtor has earned up to the time that the notice has been served, or 25 per cent of all money earned by the employee in case of assignment. When the case comes up in court, management must file an answer stating the amount held. This not only involves time and labor in the paymaster's office in addition to regular duties but also places an expense on the company for attorney's services in filing the answer.

Most companies have no desire to dictate to their employees how they should handle their personal affairs, but as an attachment forces a company to withhold a portion of the employee's wages or earnings and make a report to the court when the case comes up for trial, it thus brings the company into the employee's personal business.

In order to reduce such interference to a minimum, the management of the National Manufacturing Company had early adopted the following policy:

WAGE ATTACHMENTS

Employees whose wages are attached are subject to dismissal. The first attachment or trustee carries with it a warning; a second attachment leads to an investigation. If management is convinced that the attachment was due to indifference on the part of the employee, the latter will be dismissed. A third attachment carries with it the penalty of dismissal without further investigation.

This policy was never strictly enforced. Nevertheless, as long as that ruling was in effect, the number of such attachments was at a minimum.

During the 1930 business recession, management suspended this rule entirely. In the interest of its employees, management adopted a policy of extreme leniency and took steps to develop a better procedure with regard to wage attachments. Mr. Sanford, cashier and trustee, wrote a letter to the president of the Bar Association, soliciting him to notify all attorneys and ask for their cooperation to send an advance notice to the company before an employee's wages were attached. Mr. Sanford also sent letters to various retail credit houses and clothing establishments. He was gratified by the response.

In the spring of 1935, management developed a system of form letters with regard to wage attachments. As soon as the creditor or his legal representative notified the paymaster's office that an employee had neglected to take care of his account, the cashier would send out the following notice:

Works Correspondence
Date
Subject

Kindly communicate with _____
and take care of an account which they have against you. This must be given your immediate attention as otherwise they will be forced to take legal action. Do not allow this to happen.

L. D. SANFORD, Cashier—Trustee

One copy of this notice was sent to the employee-debtor; the second copy was sent to his foreman; and the third copy was sent to the supervisor of industrial relations.

The foreman would interview the employee and offer his advice. If, in his opinion, the employee was being exploited, the foreman would bring the case to the cashier's attention. Mr. Sanford would then offer his assistance, without, however, pushing himself into the private affairs of the employee. He relied rather on the fact that one grateful employee told another, and that whenever an employee became involved in financial difficulties he would voluntarily apply for aid.

If an employee disregarded the advance notice and continued to neglect his account, the creditor, or his legal agent, would be apt to serve a wage attachment. In this case, the cashier sent out the following form letter:

Works Correspondence

Date

Subject

Kindly communicate with Attorney_____ and have the attachment placed against your wages today released. This must be taken care of at once in order for you to draw your wages on pay day.

L. D. SANFORD, Cashier—Trustee

This letter also was sent out in triplicate, one copy each to the employee-debtor, his foreman, and the supervisor of industrial relations.

The wage attachment, which is sent to the cashier's office, commands him to attach all goods over \$20. The writ is returnable in court four weeks from the date of issue. For every intervening week, the attorney is free to serve other attachments.

If the case is brought before the court, the cashier makes the following return:

Commonwealth of

Date:

District Court of

vs.

ANSWER OF ALLEGED TRUSTEE

And now *National Manufacturing Company* summoned as Trustee of the principal defendant in the above entitled action, appears and makes answer that, at the time of the service of the Plaintiff's writ upon him, it had in its hands or possession the sum of

but had not at said time of service any other goods, effects, or credits of said defendant in his hands or possession and of this he submits himself to examination, upon his oath.

National Manufacturing Company

_____ 1937

_____ Make oath that the foregoing answer subscribed by him is true, before me.

Notary Public

During the year, August, 1936, to, July, 1937, the cashier's office handled 460 actions. Two hundred and ninety-six of these

were advance notices and 164 were trustees. The diagram following shows the distribution of these actual and threatened wage attachments.

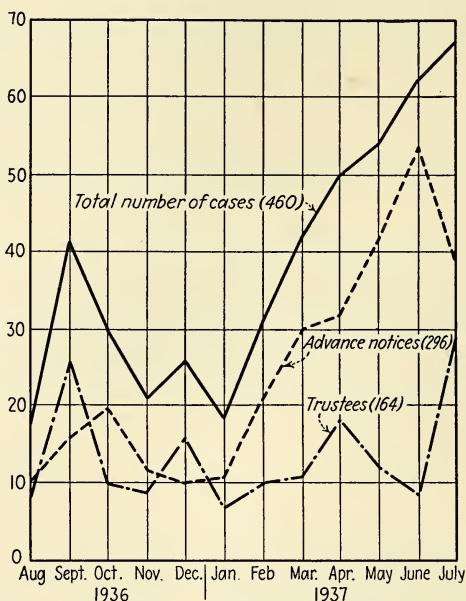


CHART XV.—National Manufacturing Company, Inc., wage attachments, actual and threatened; August, 1936 to July, 1937.

The cashier became alarmed at the increase of actual wage attachments and conferred with the industrial relations supervisor as to whether a reconsideration of company policy was advisable.

CASE 32. LOANS TO EMPLOYEES AT THE NEW
PROCESS RUBBER COMPANY, INC.

During the early years of the depression (1930-1932) the management of the New Process Rubber Company, Inc., was distressed by the fact that many of their employees were being victimized by loan sharks and the so-called 3 per cent per month finance companies. From an increasing number of complaints by local tradesmen and actual wage attachments, it was apparent that at least 15 per cent of the company's employees were in financial difficulties. Many employees, indeed, were staggering under a hopeless burden of debt. For instance, Dante Feroni, a sweeper, had borrowed \$200 from a finance company to meet some mortgage payments and pay hospital expenses incurred by his wife's seventh confinement. At 3 per cent per month, Dante was required to pay interest of \$6 per month or \$1.50 per week. His weekly income was \$20.00. After paying \$1.50 interest to the Finance Company, he was left a residue of \$18.50 with which to meet all current expenses for a family of ten. (Dante Feroni had assumed the support of his mother-in-law.) Barring any accidents (illness, decrease in work, etc.) Dante was just able to meet the weekly interest charge plus 50 cents toward partial liquidation of the loan. Mr. Feroni had struggled along under this debt for 18 months and had managed to reduce his original debt to \$180. During the last six weeks he had barely been able to meet the interest charge, and there was little prospect that his financial burden could be relieved.

Other employees faced even more desperate situations. Carroll Horton had borrowed \$100 to cover necessary household expenses. At 3 per cent per month, he had paid \$36 in interest charges during 1931. At the same time he had been able to pay \$12 toward a partial liquidation of his loan. In January, 1932, he still owed the finance company \$88. At this time his weekly earnings were reduced to \$11 so that he was unable to make any payments whatever to the finance company. At the end of the year he owed the finance company not only \$88 (the remainder

of his original loan) but \$30 in unpaid interest charges. In January, 1933, accordingly, Carroll Horton owed the finance company \$118. Since he was barely able to make small payments (50 cents per week) to pay for accumulated interest charges, he was faced with the discouraging prospect that every month his debt to the finance company grew larger instead of smaller.

Not only hourly rated workers, but supervisors also were involved in debt. George Harmon, for example, was a foreman who earned \$2,600 a year. He was married and had three children. During the early years of the depression, his brother moved his wife and two children into Harmon's home, since Harmon was the only one who was earning any money. Mr. Harmon made every attempt to support both families, but after two years he was almost desperate. He could not sleep for worrying over his debts and feared that he was neglecting his work. His debts were as follows:

Finance company (A).....	\$240
Finance company (B).....	150
Unpaid grocery bills.....	60
Medical bills.....	30
Personal debts to friends.....	90
Total.....	<u>\$570</u>

Mr. Harmon paid \$7.50 and \$4.50 a month interest to the two finance companies and \$5 a week to the grocer, who had threatened to withhold further credit. Mr. Harmon was particularly distressed on account of his personal debts. He feared that these might bring about the loss of friendships that had been cherished for many years.

The preceding cases are typical and persuaded the management of the New Process Rubber Company that some means must be devised to aid these employees. After considerable study of the situation, management worked out a plan of cooperation with a local bank, which agreed to grant loans to needy employees who were considered a good risk. The following procedure for managing a loan application office as an adjunct to the employment department was developed.

APPLICATION FOR AN EXECUTION OF PERSONAL LOANS TO EMPLOYEES OF THE NEW PROCESS RUBBER COMPANY, INC., BY THE BANK.

This system is to establish internal procedures and Company policies incidental to the operation of a plan to assist employees in obtaining personal loans from the Bank.

The Company through its Industrial Relations Department will act in a service capacity in that it will furnish application forms and assist employees in properly filling them out, and in cases where loans are granted by the Bank, will upon the employee's authorization make deduction of payments from the employee's wages and forward them to the Bank when due. In no case will the Company recommend approval or rejection of any application.

This procedure in no way obligates the Company to pay any balance due the Bank on any note in default, as all loans will be a direct contract between the Bank and the employee, as borrower.

I. Amount of Loans and Terms.

- a. Loans may be made in amounts up to \$1,000 for a period not exceeding one year at a discount of 5%.

Loans may be paid off in less than 12 months but will be discounted on a 12-month basis when made.

The Bank will require a minimum of three months' discount, but refunds will be made to the borrower, when payment in full is made in a period of less than twelve months as follows:

1. Paid in three months—Refund of 5% of face of loan for nine months.
2. Paid in 3-6 months—Refund of 5% of unpaid balance at end of 3rd month, for 6 months.
3. Paid in 6-9 months—Refund of 5% of unpaid balance at end of 6th month, for 3 months.
4. Paid in 9-12 months—No refund.

Example:

A loan of \$300 is requested, and the applicant wishes to repay it in six months.

1. The Bank will draw the note for 12 months and deduct discount of \$15 sending a check to the borrower for \$285.
2. The Loan Application Office in obtaining deduction authorization from the borrower will divide the face of the loan by 12, representing the number of salary checks received in a period of six months, and will then request a refund of \$7.50 discount from the Bank.
- b. The Bank has made arrangements with the Midvale Life Insurance Company whereby the life of the borrower in the case of unsecured loans will be insured for the term of the loan, in an amount sufficient to pay off the unpaid balance at any time, should the borrower die.
- c. The cost of this insurance will be paid entirely by the Bank.
- d. On loans of \$500 or more, the borrower must submit to a physical examination for insurance purposes, the medical examination to be provided by the Bank.
- e. Signatures of both husband and wife will be required on the note if the applicant is married.

- f. The Bank may at its discretion require one or two co-makers or none at all.
- g. The applicant and each co-maker (when required) must be earning an income sufficient to meet their current expenses and in addition provide for meeting the payments on the loan when due, according to the schedule agreed upon.

II. *Method of Application.*

- a. Employees wishing to apply for a loan will go to the Employees' Loan Application Office where they will be given the following forms:
 - 1. Application for Loan.
 - 2. Application for Insurance.
 - 3. Bank Signature Card.
 - 4. Note.

The Loan Application Office will assist the employee as much as possible in the filling out of these forms, particularly as regards information which can be obtained from Company records, such as position, length of service, employment record, rate of pay, or similar data.

The Loan Application Office will also offer suggestions or criticisms necessary to make the application as favorable as possible consistent with the facts, and will verify such information obtainable from company records together with all signatures.

The Loan Application Office will insure that the following information is forwarded to the Bank with each application:

- 1. A record of all indebtedness owed by the applicant for which the company is making current deductions and the amount of such deductions.
 - 2. Finance Company, or Budget Payment Books covering any items of indebtedness reported by the applicant in his application, to be forwarded to the Bank with application.
 - 3. Account Numbers of the borrower with any credit concern or charge account number with any department store to be shown on application.
 - 4. Salary, wages, or other income of any member of applicant's family who could assist in payment of loan if required to do so.
- b. Employees on salary, and the Loan Application Office will be governed by the following rules in answering questions on any application pertaining to salaries earned:
 - 1. *Employees on Yearly Salary. (Semi-Monthly by Check.)*
Employees on this roll in answering any question relative to rate of salary need only answer "Over \$2,000 per year." The Bank, however, will have the privilege of requesting actual figures from the Treasurer or Private Paymaster, if conditions warrant such information.
 - 2. *Employees on Weekly Salary. (Weekly by Cash.)*
Employees on these rolls must state exact amount.

3. The supervisor of Loan Application Office will cooperate with the Private Paymaster at all times in maintaining the confidential nature of salaries on the Private Payrolls.

III. *Loan Application Office Procedure after Application.*

The Loan Application Office before sending an application to the Bank will make out the following forms:

- a. Record of Application.
- b. Questionnaire to Supervision.

The *Record of Application* is merely a copy of the pertinent facts as contained in the application itself and, after approval by the supervisor of Employees' Loan Application Office, will be filed for reference.

The *Questionnaire to Supervision* is for the purpose of obtaining an indication as to the probable continuity of the applicant's employment for the term of the loan. It is not a guarantee of such employment. This form will also be filed for reference.

Applications and their attendant forms must be approved by the Supervisor of Employees' Loan Application Office, or in his absence, by the Employment Manager, after which they will be taken daily to the Bank by messenger.

IV. *Rejected Loans.*

On applications which are rejected by the Bank the note will be returned the day following by the Bank to the Loan Application Office where it will be returned promptly to the applicant.

Any questions as to the reasons for rejection must be taken up with the Bank directly by the employee.

V. *Accepted Loans.*

On accepted loans the Bank will issue a check payable to the employee, the amount of which will be the face of the loan less discount.

The Loan Application Office will establish a record of the loan and before presenting the check to the employee will require the employee to sign, in duplicate, an authorization to the company to make the necessary deductions from his wages and payments to the Bank. One copy of this authorization will be sent to the Bank and the other copy handled as follows:

- a. If the employee is on the Factory Payroll, the authorization will be sent to the Factory Payroll Accountant.
- b. If the employee is on the Salary Payrolls, the authorization will be sent to the Private Paymaster.
- c. The Bank will assume all responsibility for the investigation, verification, and, subject to their own discretion, the liquidation of any debts reported by the applicant as being the reasons for which the loan is desired.

In such instances, the Bank will issue as many checks as may be required to liquidate such debts, made payable jointly to the applicant and the creditor. These checks will be sent to the Loan Application Office where they will be given to the

applicant who after endorsement will forward the checks to the various creditors.

VI. *Deductions.*

A. *Factory Payroll.* (Weekly Wages in Cash.)

1. The face of the loan will be divided by 50 for determining weekly amount of deductions, unless the loan is for a shorter period as provided in paragraph I-A.
2. No deductions will be made for vacation weeks, and no doubling up will be made in succeeding weeks.
3. Deductions will only be made during any pay period when the amount of wages due the employee is sufficient after all prior claims, to meet the payment.
4. Deductions for items owed the company and for social security taxes will be considered prior claims to loan deductions.
5. Involuntary Trustee Assignments will take preference over loan deductions.
6. Voluntary Assignments and Loan Deductions will take precedence on a basis of the date of assignment.
7. At the close of each month the Factory Payroll Deduction Office will report to the Private Paymaster the total deductions made for the month, by individual loans. Included also in this report will be the names of all borrowers for whom incomplete or no deductions at all have been made in the current month, with a note after each such name explaining the reason therefor, such as vacation, illness, or insufficient wages due to short time. This monthly report will include only those deductions which have been returned to cash within the current month.

B. *Salary Payrolls.*

Items 3-4-5 and 6 as applied to Factory Payroll also apply to Salary Payrolls.

Deductions on the Yearly Salary Payroll will be on a basis of face of the loan divided by 24, unless loan is for a shorter period as provided in paragraph I-A.

Deductions on the Weekly Salary Payroll will be on the same basis as on Factory Payroll.

Deductions *will* be made for vacation periods on Salary Payrolls.

VII. *Monthly Payment to Bank.*

The Private Paymaster will combine the Factory Payroll Deductions with those of the Private Salary Payrolls and will send a check to the Bank by the tenth of the month, following the month in which deductions were made, with a supporting schedule by individual borrowers.

This monthly report to the Bank will list the names of all borrowers regardless of whether deductions are made or not, and

will show the reasons for non-deductions as explained in paragraph VI—section 7.

VIII. *Records and Reports.*

The Loan Application Office will maintain a file for each employee to include all papers and correspondence pertaining to his loan. A summary record will also be maintained in such a manner that a monthly report can be sent to the Treasurer, Vice President in charge of manufacturing, and the Manager of Industrial Relations, showing:

- a. Number of applications received monthly.
- b. Number of applications accepted—month and amount.
- c. Face of notes outstanding.
- d. Total applications to date.
- e. Total accepted to date—amount.
- f. Unpaid balances at the end of each month.¹

The Loan Application Office will notify the Bank of the termination of employment of the borrower.

All correspondence between the Loan Application Office and the Bank must be written over the signature of the Supervisor of Employees' Loan Application Office and approved by him, or in his absence, by the Employment Manager.

The Factory Auditor will audit the Loan Application Office Records at least every three months, and will reconcile payroll deduction accounts with the General Ledger Control every month.

The plan worked as follows: The case of George Harmon² may be taken as a convenient illustration. The treasurer of the New Process Rubber Company arranged with the bank to advance the necessary money to consolidate all Harmon's debts. It was agreed that all his bills were to be paid with company checks to ensure that all obligations would be met. The bank advanced \$598—discounted at \$28—and sent Harmon a check for \$570. With this money, Harmon cleared all his debts. During the ensuing twelve months Harmon paid \$48.66 a month to cancel his obligation to the bank. His brother, meanwhile, had been able to secure a job with a construction company, which enabled him to resume the responsibility of caring for his own family. At the end of the year, Harmon could therefore anticipate being entirely free from debt. Without a loan from the bank, Harmon would have had to pay \$10.50 every month to the finance companies in interest alone without in any way liquidating the original debts.

¹ The information for this item must be reported to the Loan Application Office by the Private Paymaster and the Factory Payroll Deduction Office.

² See p. 196.

In another case, the financial circumstances were as follows: James Sanderson, an outsole pressman, owed the following:

Finance company.....	\$130.00
Back rent.....	44.00
Current rent.....	35.00
Furniture company.....	100.00
Electric light & gas co.....	18.00
Unpaid grocery bills.....	30.00
Total.....	<u>\$357.00</u>

He was paying \$3.30 a week interest to the finance company, \$3 a week to the electric light and gas company, which was threatening to turn off the supply, \$2 a week to the furniture company, and \$1 a week each to the landlord and the grocer. The total weekly payments amounted to \$10.30. The weekly income was \$30, leaving Mr. Sanderson \$19.70 for the support of himself and four dependents. With a loan of \$374.50 (discounted at \$17.50) from the bank, Mr. Sanderson was able to consolidate all his debts. By making weekly payments of \$6.50 to the bank, he was able to free himself from debt by the end of the year.

Loans rejected by the bank show some of the most amazing financial tangles in which employees had become involved. Gordon Grant, 26 years of age, had been with the company for 6 years and occupied the position of junior accountant. His salary was \$31 a week. On July 2, 1937, Grant applied for a loan of \$84. He stated that he wished to get married and proposed to pay off small bills in order to get started right. Investigation by bank officials disclosed the following situation: Grant owed:

Florist (flowers sent during courtship).....	\$ 18
Department store charge account.....	25
Department store budget plan (rug).....	78
Mens' furnishing.....	80
National Bond and Investment Company (payment on car).....	180
Tax on car.....	7
Refrigerator.....	90
Cooperative bank (first payment on home).....	200
Total.....	<u>\$678</u>

At the time of applying for a loan, Grant was also negotiating the purchase of furniture on the installment plan.

Grant's future wife was working as a clerk for an insurance company. She earned \$18 a week. This additional income could not be relied upon, since the insurance company had a policy that all female married employees would be discharged six months after marriage.

The following tables give a monthly summary of the records kept by the Loan Application Office. Table *A* shows the number of applications that were received and accepted by the bank, the amount of money involved in accepted applications, and the unpaid balances on total loans to date.

Table *B* represents the distribution of alleged reasons for requiring the loan.

TABLE X
MONTHLY STATEMENT OF LOANS TO EMPLOYEES
(as of September 1, 1938)

	Total for August	Total to date
Number of applications received.....	74	1,226
Number of applications accepted.....	52	894
Per cent accepted.....	70.27	72
Total amount involved in accepted applications.....	\$6,612	\$117,554
Unpaid balances.....		\$ 33,739.65

TABLE XI
ANALYSIS OF REASONS ALLEGED FOR REQUIRING A LOAN
(Accepted applications only)

Classification of reasons given	Number in August	Per cent	Number to date	Per cent
<i>Family:</i>				
Hospital.....	5	9.61	68	7.62
Confinement.....	1	1.92	20	2.22
Dental care.....	1	1.92	38	4.25
Death.....	1	1.92	10	1.12
Doctor.....	6	11.53	53	5.91
Illness.....	0	0	8	.87
Insurance.....	3	5.77	14	1.57
Totals.....	17	32.67	211	23.56
<i>Household expenses:</i>				
Coal.....	0	0	38	4.25
Moving.....	2	3.86	21	2.34
Clothing.....	4	7.69	49	5.48
Furniture.....	0	0	21	2.34
Frigidaire purchase.....	0	0	4	.43
Totals.....	6	11.55	133	14.84
<i>Automobile:</i>				
Purchase.....	2	3.86	36	4.02
Repairs.....	1	1.92	14	1.56
Notes.....	0	0	10	1.12
Insurance.....	1	1.92	8	.88
Totals.....	4	7.70	68	7.58
<i>Real estate:</i>				
Taxes.....	4	7.69	44	4.91
Mortgages.....	0	0	11	1.23
Repairs.....	1	1.92	21	2.33
Purchases.....	0	0	4	.43
Totals.....	5	9.61	80	8.90
<i>Miscellaneous:</i>				
Business propositions.....	1	1.92	6	.67
Divorce.....	1	1.92	6	.67
Immigration.....	0	0	1	.11
Miscellaneous bills.....	8	15.38	186	20.80
Personal loans.....	3	5.77	18	2.01
Industrial loans.....	2	3.86	81	9.05
Rent arrears.....	2	3.86	47	5.24
Reduce payments on loans.....	1	1.92	16	1.89
School.....	1	1.92	16	1.89
Vacation.....	1	1.92	25	2.79
Totals.....	20	38.47	402	45.12
Grand totals.....	52	100.00	894	100.00

SECTION IX

HIDDEN PENSIONS

CASE 33. THE SIX LITTLE JACKMEN

(Conflict between unemployment insurance and informal company policy of taking care of superannuated employees.)

Ever since the beginning of rubber footwear manufacturing, the New Process Rubber Company had produced a heavy, four-buckle overshoe made out of rough woolen material with a thick fleece lining and massive outsoles. Gradually this type of overshoe had been displaced by lighter and more modern styles. By 1937, this kind of heavy service shoe was sold only in rural sections. Nevertheless, each year, cumulative small demands for this product were sufficient to permit a reasonably stable annual production of 25,000 pairs.

In an effort to find suitable employment for superannuated employees, management had retained the old-fashioned table method¹ of manufacturing these overshoes and assigned long-service employees to this work. The gum footwear department had such a table where the following six long-service men were engaged at this kind of work:

Name	Nationality	Occupation	Age	Service	Depend- ents
F. Strozzi.....	Italian	Gaiter Maker	61	35	5
D. Ficori.....	Italian	Gaiter Maker	62	39	6
C. Carnini.....	Italian	Friction Parts	62	39	5
V. Cimino.....	Italian	Gaiter Maker	62	37	8
H. Hagopian.....	Armenian	Gaiter Maker	64	35	1
P. Bagdikian.....	Armenian	Gaiter Maker	50	28	4

The table was set up near a window and was part of the regular manufacturing establishment. The men formed a little work group of their own and worked at their own pace. The five first-named workmen performed assembly work at the table, while Peter Bagdikian spent part of his time in the storeroom and the

¹ Cf. Case 24, Training of Employees, p. 134.

rest in supplying the group with material. The men were well acquainted with each other and worked together in great harmony. To the other employees these men were known as "the six little jackmen," an affectionate collective noun that had its origin in the men's height (not one of them was taller than 5 feet 4 inches) and the fact that these men continued to operate the old-fashioned jacks.

Ordinarily, these overshoes would have been assembled by women at a piece rate which would guarantee them earnings of 50 cents per hour. Men on assembly jobs were paid 60 cents per hour. In order to provide the six little jackmen with a reasonable wage, management paid them a special rate which enabled them to earn 55 cents per hour. This extra compensation actually amounted to a hidden pension.

In the spring of 1938, during the recession, the volume of stock in hand of this type of overshoe had reached such proportions that management decided temporarily to discontinue production. The six little jackmen were put on the layoff list. It rarely occurred that employees with 25 years or more of continuous service were laid off. But to meet such a contingency, management had the following provision to cover their period of unemployment. A policy with regard to termination payments stated that:

Such employees will receive for a period of one year \$25 per month with an increase of \$1 per month for each additional year of service over 20 years.

When the six little jackmen had been laid off, they became eligible to receive this remuneration. But, such payments conflicted with the provisions of the State Unemployment Compensation Act, which defined an *unemployed person* as "one who performs no wage-earning service whatever and who earns no wages or other pay for personal services."

Management was desirous, however, that these six men should receive unemployment benefits, for several reasons:

1. It would be more acceptable to the men, inasmuch as their previous contributions legally entitled them to such compensation.

2. The company on its side had contributed to the Unemployment Insurance Fund and had a right to expect that their pension expenses should be reduced by the amount of such unemployment compensation.

To safeguard the status of the six men, management obtained a ruling from the Unemployment Commission whereby a weekly gratuity might be paid to these employees during the three weeks of waiting period without jeopardizing their eligibility to receive unemployment compensation. In accordance with such a ruling, the policy regarding termination benefits for long-service employees was rewritten as follows:

1. At the time of termination they will be paid as a gratuity one week's allowance on the basis of \$25 per month with an increase of \$1 per month for each additional year of service over 20 years. This allowance will also be paid again in the second and third week after termination.

The weekly allowance will be figured as three times their monthly gratuity rate divided by thirteen, adjusting all fractional parts of a dollar resulting from such computation, to the next highest dollar.

2. Immediately upon termination such employees will be expected to register as unemployed with one of the district offices of the State Unemployment Compensation Commission as provided by the State Unemployment Compensation Law.

The Employment Department will at time of termination give the employee a letter explaining the ruling made by the Commission that such gratuity payments do not affect the waiting period.

3. If such employees remain unemployed after they have received their maximum unemployment benefits, and the aggregate of such unemployment benefits plus the previously mentioned three weeks' gratuity does not equal the equivalent of their gratuity rate for twelve months, additional gratuities will be paid them each week at their previously determined gratuity rate until they have received an amount equal to their gratuity rate for twelve months.

4. Such employees are subject to recall to work whenever employment becomes available and barring bona fide disability, must report to work. Failure to report on due notice will cause termination of gratuity payments and will prejudice opportunity for future employment.

Should such employees secure other work with earnings equivalent or greater than the amount of gratuities being received from the company, such payments by the company will be discontinued. It is the obligation of the employee to notify the company if such employment is secured.

5. All gratuity payments will be made weekly by the private paymaster, and deductions will be made for unemployment and old age taxes for which the employee would be subject. These payments will likewise be considered as taxable wages subject to employer contributions both State and Federal.

6. These provisions are subject to change without notice, particularly as they may be affected by Social Security Legislation.

In accordance with the new system, each one of the "six little jackmen" received the following letter explaining the basis on which the benefits would be paid:

March 29, 1938

DEAR MR. ____:

A week ago you received notice that we would, unfortunately, have no work for you after March 30. However, in order to help you out financially we are granting you one week of your vacation at this time for which you will receive vacation pay amounting to \$22.00. This will postpone your termination of employment for one week to Wednesday April 6.

You should then immediately register as unemployed at your nearest State Unemployment Office, and show them this letter together with your Social Security Account Number 000-0000.

As a further recognition of your long service with this company we shall pay you for the next three weeks a gratuity of \$10 each week. According to a ruling of the State Unemployment Commission the payment of this gratuity will in no way affect the length of your waiting period. You should, therefore, receive unemployment compensation beginning at the end of your 4th week of waiting, some time in the first week of May.

If you still remain unemployed at the expiration of these unemployment benefits we shall then resume payment of the weekly gratuity of \$10 until such time, within the year, when you are re-employed.

Very truly yours,
(s) J. C. RANDALL Employment Mg.
New Process Rubber Company

The gratuity checks were paid as agreed upon for the three-week waiting period. Then they were stopped to allow the employees to receive their unemployment compensation in accordance with the law.

Two weeks later, Messrs. Cimino, Hagopian, and Bagdikian came to see the employment manager and complained volubly that they had not yet received their unemployment compensation and were in need of financial assistance. They reported that none of the other men in their group had as yet received any compensation either. The employment manager telephoned to the Unemployment Insurance Office in each of the respective districts (the six little jackmen happened to live in six different towns) and was told that the checks had not come through yet, but that he should advise the men to wait a few days in the hope that action would soon be taken.

On May 19, Mr. Cimino appeared in the office of the industrial relations supervisor as the spokesman for the six little jackmen. He stated that none of the six men had as yet received any unemployment compensation, and that their families were desperate.

In response to this appeal, management held a meeting at which the following alternatives were discussed:

1. To waive the company's right to benefit by unemployment compensations and to resume the former policy of paying termination benefits to long-service men at the company's expense.

This suggestion was rejected on the grounds that the company had no right to deprive an employee of his legal rights as a citizen.

2. To extend a temporary loan to these six employees in order to tide them over the prolonged waiting period.

Difficulties with this proposal were as follows:

- a.* Such action constituted a technical evasion of the law.
- b.* It would be inadvisable to have the employees repay such a loan with state unemployment checks.
- c.* On the other hand, deferred re-payment would put a great responsibility on the employees since they were expected to manage both state funds and private benefits.
- d.* Finally, deferred re-payments of such a loan would have to be made out of the men's wages as soon as employment should begin again. This might be quite a strain on the employees' resources.

3. As another alternative it was finally proposed that the men be returned to work and continue to make overshoes for stock, despite the fact that such action meant increasing an excessive inventory in this product. There was also the difficulty that a few other men would have to be rehired to handle the preliminary processes.

SECTION X

INDUSTRIAL SAFETY

CASE 34. THE POSITIVE SAFETY GUARD

(Socially conditioned attitudes on the part of union labor interfered with the installation of a foolproof safety device.)

The punch press department of the National Manufacturing Company contained about 40 punch presses of various kinds and, on the average, employed about 100 punch press operators (70 men and 30 women). The operators worked in three shifts, the first shift being the largest. Operators on the first shift started work at 6:15 A.M. and, with time off for lunch, worked till 3:00 P.M. Hours on the second shift were from 3:00 P.M. to 11:30 P.M.; on the third, from 11:00 P.M. to 7:00 A.M.

The punch press, particularly when applied to low-quantity or short-run production work, presented a serious accident hazard. In all cases, supervision played the most important part in keeping accidents at a minimum. It was the duty of the supervisors to see that presses were properly safeguarded, that the operators were properly instructed, and that the safety rules of the company were enforced. Each group leader was expected to be a member of the safety patrol. It was his duty to see to it that the members of his group were "safety-minded" at all times, and that all machines had the necessary safety guards.

For certain types of work, a drop hammer rather than a punch press was frequently used, because it was a simpler and cheaper machine to operate. The forming operation accomplished in this way could also be done on a punch press, but a very large press would be required.

On Jan. 7, 1936, the safety engineer, Mr. Hanson, submitted the following report:

PRELIMINARY REPORT OF AN ACCIDENT

Operator: George Winslow, G-50, Badge #855, group leader and die setter.

Estimated extent of the accident: Loss of first two fingers, left hand above second joint.

Hour of accident: Second shift, 9:20 P.M.

Machine in use: Drop Hammer #9685.

Operation: Forming Valve Plates S #615243-D, 673 pieces, 40% complete.

Cause of accident: Defective Machine, and operator's carelessness.

Summary: Reconstructing the accident as closely as possible without contacting the operator, Mr. Winslow was running off a quantity of 673 valve plates S #615243-D on Drop Hammer #9685. With the work approximately 40% complete, at 9:20 P.M., the weight lever that controls the clutch broke off, allowing the hammer to repeat when it reached the top of its stroke. Mr. Winslow had been at this particular instant placing a piece of work with his fingers, instead of using the tweezers, in line with all established rules. When the hammer dropped, it cut off two of the first fingers on his left hand. The hammer kept on repeating until shut down by another operator.

It is interesting to note that this man is both a die setter and a group-leader. If he had not broken the company rule in regard to using tweezers, no serious accident would have occurred.

I understand from Mr. Bowers, the previous safety engineer, that this man had been previously cautioned on several occasions for his disregard of company rules, both as practiced by himself, and by members of his group.

During the investigation of this accident, the safety engineer found that originally the drop hammer in question had been equipped with a "sweep-motion guard." This appliance was designed to brush aside the operator's hand whenever the hammer was used and the operator failed to withdraw his hand from under the die.

However, the operator had frequently complained of the following inconvenience: He would withdraw his hand sufficiently to clear the descending die, but not far enough to clear the sweep-motion guard, designed to protect him from injury. As a result, he would receive a smart rap on his knuckles or wrist. The operator regarded this "punishment" as unnecessary and insisted that the sweep-motion guard was more of a menace than a protection. Therefore, he and his fellow workers repeatedly petitioned management to discard the device. After some discussion, management agreed, on Jan. 15, 1935, to remove the guard, basing its decision on the fact that the operator's hands were still being protected through the use of tweezers. Nevertheless, with the automatic safety factor removed, it became absolutely necessary that the operator should obey instructions as to the use of tweezers and under no circumstances put his hands under the die.

As indicated by the Winslow accident, this rule was not always obeyed. Operators on incentive work were often tempted to cut as many corners as possible in order to increase their output. For instance, in the operation of forming valve plates, according to regulations based on time and motion studies, the operator was required to pick up the unformed valve plate with his left hand out of the tray on his left, *grip it with the tweezers in his right hand*, and then insert it in the die recess. He then tripped the hammer with his right foot. After the drop hammer had completed its cycle, the operator, *with his tweezers*, removed the finished piece from the die recess and tossed it into the tray on his right, while at the same time picking up a fresh piece with his left hand. He then repeated the cycle of operations.

In order to gain time over the standard allowance, the operator developed the habit of picking up an unformed part with his left hand and placing it immediately into the die recess. This motion was synchronized with the motion of his right hand, which picked up the finished piece with the tweezers, tossing it into the tray. In this way he was able to eliminate two motions, speed up his production, and increase his earnings. But every time he placed his left hand under the die, the operator endangered his fingers.

For some time after the Winslow accident, the safety engineer experimented with mechanisms of various kinds that would safeguard this particular type of drop hammer and the punch presses. No satisfactory device was found. The drop hammer was removed from service, and the work transferred to standard punch presses.

On Apr. 6 and 7, 1936, the safety engineer attended the annual New England meeting of the Massachusetts Safety Conference at the Statler Hotel in Boston. At this meeting he became acquainted with the Possons Positive Punch Press Safety Device, which was manufactured by the Surty Manufacturing Company, Inc., of Chicago, Ill.

According to the prospectus:

The Possons device provides absolute safety because the operator's hands are removed from the danger zone by a *Positive* action which is independent of the personal equation or state of mind of the operator. Steel cored cables pull his hands away, and his own carelessness cannot cause an accident.

The following diagram illustrates how the device operates:

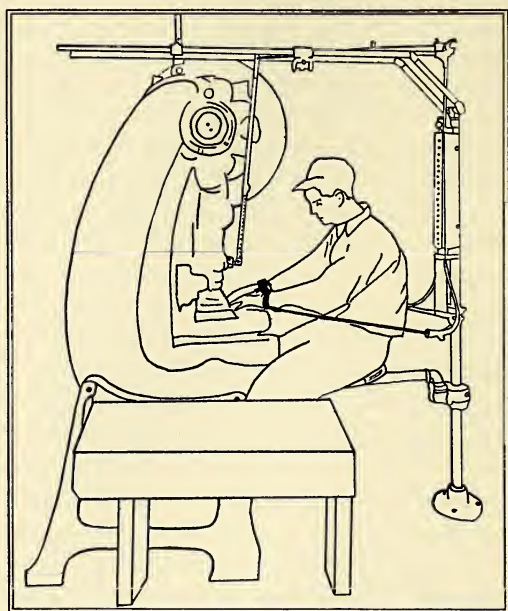


FIG. 1.—Possons positive safety device.

A fellow safety engineer who attended the conference told Mr. Hanson that he had just installed 17 of these devices and was pleased with the result. An employee in his plant had recently lost three fingers, and as a result of this accident the workers were particularly "safety conscious" and grateful for the company's effort to protect them.

Although the punch presses at the National Manufacturing Company operated on the two-hand trip principle, which seemed to provide adequate protection against any accident involving injury to hands or fingers, Mr. Hanson was convinced that it was worth while to try the new Positive Safety Device. Accordingly, on Apr. 22, 1936, at the meeting of the Feeder Section Safety Committee, Mr. Hanson called attention to this new safety device and explained in detail how it functioned. He urged that one such device be installed as an experiment but met with considerable opposition on the part of Mr. Stahl, the foreman in charge of punch presses. This foreman had had some experience

with the Possons Positive Safety Device at the Newark Plant, where two of these devices had been installed. His recollection was that management had experienced considerable difficulty in getting workmen to operate punch presses that were so equipped. In view of the fact that the large Newark punch press department had made no further installations of this type of safety device, the committee voted against Mr. Hanson's suggestion.

Following this meeting, Mr. Hanson corresponded with other National Manufacturing Company safety engineers, inquiring as to their experience with the Positive Safety Device. He found that it was used very little.

The first opportunity for any further constructive work in regard to safety mechanisms on punch presses presented itself in the following manner:

On Jan. 28, 1937, at the supervising safety committee meeting, Mr. Hanson suggested that glass guards similar to those used on tool grinders be developed for spot welder use. This would eliminate the need for using goggles, which the workers did not like to wear. He sent for samples of this glass guard device to the Surty Manufacturing Company, which specializes in safety equipment. Instead of sending samples by mail, the Surty Manufacturing Company directed its district salesman, Mr. Chester, to bring them himself. Mr. Chester visited the plant on Feb. 4, 1937. During the conversation, Mr. Chester mentioned that he had been responsible for the designing and installation of the Positive Safety Device. Mr. Hanson told of his failure to get one of these devices installed and solicited his aid. He introduced Mr. Chester to Mr. Stahl, the foreman, who had hitherto been opposed to the use of this device. He decided to give it a trial. The argument used to convince Mr. Stahl was as follows:

Mr. Chester urged that it was in the foreman's interest to give the device a trial. This absolute protection was on the market, and unless the company gave it a fair trial it would leave itself open to the charge of lack of foresight and negligence. If an accident occurred and the punch press operators learned that such a positive device existed, they might argue that their interests had not been properly protected.

As a result of this discussion, the Positive Safety Device was sent for on Feb. 5, 1937.

In arriving at the decision to experiment with the Positive Safety Device, it was not considered advisable to talk the matter over with the operators or the union representative. Referring to his experience at Newark, the foreman was of the opinion that the workers had better not be consulted. He persuaded the safety engineer that once the device was installed and the workers saw that it provided absolute protection, they would be satisfied. To experiment with the safety device, the foreman selected an odd-job press that would not interfere with line production. It stood near the aisle and had plenty of free space around it to permit the installation of the device.

On Friday, Feb. 26, 1937, the Positive Safety Device was installed, and Mr. Stahl notified the safety engineer. Mr. Hanson went to the punch press department and gave the device a trial. After some final adjustments had been made, he was favorably impressed with the functioning of the guard.

A group leader was asked to try the device. The group leader complied, but refused to make any comments.

Several punch press operators were also invited to try the new harness, but declined. Finally, Mr. DaCoste, an elderly employee, consented to operate the press. He was of the opinion that the device would in no way interfere with his making standard time, but he would not agree that he could accomplish more work because of it.

The experiment had not progressed far when Mr. Cameron, president of the union, appeared on the scene. Without trying the device, Mr. Cameron requested that the mechanism immediately be discarded for the following reasons:

1. The operator could not possibly be expected to submit to the "intolerable condition of being chained to his job."
2. In case of emergency (fire, panic, etc.), the operator would not be free to leave the machine.
3. Being chained to the machine, he could not avoid falling objects and so ran considerable risk of being injured.
4. The bracelet and chain would interfere with the operator's motion and make him less efficient.
5. The device was not actually foolproof, inasmuch as the chain might fail to function.
6. The use of such an automatic device would undo years of training with regard to safety. The operators had been cautioned, both by their supervisors and leaders, not to put their hands under the die and to use tweezers in handling the work.

7. The worker would be led into forming bad habits. The automatic device enabled him to put his unprotected hands under the die. Then, whenever he was transferred to another machine not similarly equipped, he would run the risk of hurting himself.

8. Finally, the present method of using tweezers and the two-handed trip principle was far superior to this new device, since the operator's hands were never allowed to go near the die.

The safety engineer tried to persuade Mr. Cameron that the new device should be given a chance by saying that:

1. Theoretically, the worker was "chained" away from his job and not to it.

2. In emergencies the "hand straps" could be released quickly by pressing clips.

3. There was sufficient slack to the cable to permit the operator to move a reasonable distance and to avoid any possible falling objects.

4. There was no restriction to the worker's movements once the device was properly adjusted.

5. Once the operator became familiar with the device, wear on the cable was negligible. Furthermore, periodic inspections would, of course, be conducted to check this device as well as any other part of the machine. There was no danger, therefore, that the device might fail to function.

6. True, workers were continually cautioned not to put their hands under the die, but the Winslow accident was evidence enough that such cautions were frequently disregarded.

7. In the event that the device proved successful, all presses would be so equipped.

8. The Surty Manufacturing Company had demonstrated that this new safety device guarded against lost time and was, therefore, more efficient than the tweezer and two-handed trip principle.

Despite all these arguments, Mr. Cameron insisted that the workers could not tolerate such a device, and that it must be discarded.

After Mr. Cameron left the department, Mr. Hanson talked to the operators (especially to the women) in order to get their reactions to the new safety device. They were uniformly of the opinion that they would be afraid to put their hands underneath the die and that they could handle the work faster by means of tweezers. They also asserted that the use of tweezers enabled them to place the work better.

Mr. Hanson allowed the device to remain for three days in the hope that the workers might familiarize themselves with it. The workers, however, continued to refuse to operate the machine

to which the device was attached. Furthermore, the president of the union insisted that the new contraption be removed. In response to this situation, the safety engineer had the new device taken away.

On Mar. 4, 1937, Mr. Chester came to check the safety device and to inquire whether it had been found satisfactory. When he learned that the device had been removed, he criticized Mr. Hanson for not calling on him to "sell the device to the workers." Mr. Hanson referred him to the union president. Later, Mr. Chester reported that he had not been able to convince Mr. Cameron.

A week later, Mr. Chester appeared once more at the plant and stated that his superior had urged him to try again. Mr. Hanson suggested a new method of approach: The salesman should attempt to convince the union president that this positive device was indispensable to the protection of the workers' safety and welfare. In order to protect the workers' hands, the president was in duty bound to request management to install the new device.

After a conference which lasted several hours, Mr. Chester returned to the safety engineer's office, thoroughly convinced that there was no hope of installing the device.

On Apr. 28, 1937, at 9:15 P.M. Mrs. Henrietta Perkins lost her left thumb and index finger while operating a $2\frac{1}{2}$ Toledo punch press. The operator stated that she had some punchings in her left hand and was feeding the press with this hand when the press repeated and crushed her fingers. She added that "the press was acting up since 9 o'clock, but the repairman was so busy that I didn't call him."

At the monthly meeting of the supervising safety committee, May 27, 1937, the safety engineer made the following report:

Henrietta Perkins, Department G-50. Traumatic amputation of left thumb and left index finger.

Mrs Perkins was operating a No. $2\frac{1}{2}$ Toledo punch press equipped with air trips. She was performing a bumping operation on rotor laminations, and had been working from 2:00 P.M. until the time of the accident, which was at 9:15 P.M., at which time she claims the press repeated and cut off the thumb and first finger of her left hand.

In order to reconstruct the cause of the accident, Mr. Hanson operated the punch press for over an hour directly after the accident. During this time the punch press could not be made to repeat under

normal operating conditions. Based on the location of the two-hand trips, the position of the parts of the fingers under the die, and the laminations being handled at the time, the following conclusion was reached:

Mrs. Perkins must have been feeding the laminations under the die with her left hand, holding the left air trip down with her left elbow.

At a later date, when Mrs. Perkins had sufficiently recovered, the accident was reviewed with her, and she then agreed that she had been feeding the punchings under the die with her left hand, but denied that she had been holding the air trip down with her left elbow. She stated, however, that it was possible that her left elbow accidentally came in contact with the left-hand air trip. She stated, furthermore, that she had been using her tweezers in her right hand, but using them only to lock some of the punchings when they went out of place under the die.

SECTION XI

WORKING CONDITIONS

CASE 35. THE FAN CASE

(Tension between workers and supervisors brought to a head by the inadequate interrelation of departments.)

Characters:

MISS JULIA SOLINSKY, union representative.

MR. AVERY, supervisor, industrial relations.

MR. CAMERON, president of the union.

MR. LEE, superintendent, refrigeration division.

MR. NORTON, foreman, test department.

MR. HASTINGS, general foreman, refrigeration division.

On June 23, 1937, Miss Julia Solinsky, representative of the winding group, came to the industrial relations office and asked for fans.

SOLINSKY: Mr. Avery, when our group was working in A-building we always had fans in the summertime. What I want to know is, why can't we get some fans now? I've talked to the foreman and also to Mr. Lee (superintendent). They both refuse to give us any fans. I've also talked to Mr. Cameron (president of the union).

AVERY: Well, Julia, I'll have a talk with Mr. Lee and see what I can do for you.

In the afternoon of that same day, Mr. Cameron came to see Mr. Avery. He asked whether anything had been done about the fans. Avery replied that he had not yet had an opportunity to talk to Mr. Lee but would try to see him that day.

At four o'clock that afternoon, the union president came again to the office of the Industrial Relations Supervisor and told Mr. Avery that there was no use in seeing Lee because the latter had absolutely refused to give the girls any fans. He had talked to Lee just now and "couldn't get to first base." But he was determined to take the question up at the next meeting with management. This meeting was to be held on July 21, it being the custom to meet on the third Wednesday of every month. Avery tried to

dissuade him and suggested that he himself should have a talk with Mr. Lee before the union president took the matter up at the next meeting.

On June 24, Mr. Avery saw Superintendent Lee and asked about the fans. The superintendent was positive in his refusal on the grounds that once fans were given to one section, everyone in his division would want a fan. He could not afford to add this item to his expenses since he was having trouble enough keeping his budget in line as it was.

Mr. Avery reminded the superintendent that the union intended to discuss the matter at the next meeting with management, and that he did not like to have the works manager bothered with an item of such a petty nature. Mr. Lee, however, was firm in his refusal, acting on the belief that he was taking the right stand, and that it might be a good thing to have the manager know about such foolish requests.

On June 25, Mr. Avery visited the winding group to investigate the problem of ventilation. He found that conditions were satisfactory. True, the winding group was the only group in the building which was situated along the outer aisle and faced windows that were exposed to the glare of the afternoon sun. On the other hand, Mr. Lee had purchased Venetian blinds and installed them in each window so that it was possible to keep out the sun without shutting out the air. He spoke to Julia.

AVERY: Julia, I had a talk with Mr. Lee and he doesn't feel that conditions here justify the installation of fans. There seems to be plenty of ventilation. I notice he has bought blinds for you to keep out the glare of the sun. After all, Julia, we have to be careful not to establish a precedent. What I mean by that is, we can't afford to give everybody a fan. It's very likely that once we put a few fans here, other groups will want them, too.

SOLINSKY: Well, we had fans in A-14 and never had any trouble getting them. Look at these girls, Mr. Avery. If you had this job you would want some relief from the heat, too. These girls have to stand here, all day, winding these motors and they get pretty tired. Our job is a lot harder than the work over across the aisle in the glass house.¹ Them people over there have all got air conditioning. I think it's pretty cheap of the company. After all, we make fans here, so it wouldn't cost anything. I think Lee is a cheap skate, if you ask me. And, believe me, if he doesn't

¹ The final assembly and inspection of the delicate refrigerator compressor unit were carried out in a large, glass-enclosed, air-conditioned, dust-proof room which was known as the "glass house."

give us fans he'll hear about it from the union. We're going to put it in our paper and tell all about the air conditioning he's putting in his own office.

AVERY: Now, don't let's get excited. That sort of thing doesn't do anybody any good. I'm sure this will work out. I'll keep after Mr. Lee and see what I can do.

On June 25, Mr. Norton, the test foreman, asked several of the manufacturing department heads for locations in which to place a number of fans for a test run. The inspectors wanted to place the fans among working groups because they wanted to get the reactions of different people to a new type of fan.

Mr. Lee thought that the placement of a few fans for a two weeks' test run offered a good opportunity to satisfy the complaining winding group and asked for six fans. These were placed at convenient stations near the aisle. No explanation was given. The girls were delighted.

On Friday, July 9, 1937, Mr. Hastings, the general foreman of the refrigerator section, dropped into the office of the industrial relations supervisor about 9:00 A.M.

HASTINGS: Pretty warm today, Avery. Some of my girls on the winding job are already asking if they could go home. Nothing very serious yet, but if it gets much hotter, I'm afraid they'll all want to leave. You ought to take a walk out there and look 'em over. You'd think the girls are staging a floor show. They're wearing bathing suits, sun suits, and shorts, trying to keep cool. And there are some pretty nice backs in that group. I notice that anybody who can think up an excuse to go into J-building has been there to take a peek.

AVERY: Is that so? Better look out there won't be any spontaneous combustion.

At 11:00 A.M. that same day, Mr. Hastings came again into the office:

HASTINGS: I'm afraid I can't hold the girls much longer. They're all demanding that we give them the rest of the day off. They say it's too hot to work.

AVERY: Well, they've only got about three hours left on this shift, and I hate to see 'em go out because of the effect it might have on the rest of the building. We need that production pretty badly. Jolly them along and try to keep them at work. You've got some fans out there, haven't you?

HASTINGS: I should hope to tell you. The boss had six of them placed along the aisle. But even they don't do much good on a day like this.

AVERY: I'll tell you what we'll do. I'll take a walk out into the plant the next half hour and look the situation over.

The operators on the first shift had their lunch period from 10:45 to 11:30 A.M. Most operators left the shop during this period. While they were away, men came and removed all the fans. The few workers who had remained inside the shop were indignant. As other operators returned there was quite a hubbub. The winding group especially, was complaining vigorously, some of its members threatening to stage a sit-down strike.

At 11:35, Mr. Avery went out into the plant and walked over to the winding group to see what all the commotion was about. He talked to several of the girls, especially the representative, Miss Solinsky.

AVERY: What seems to be the trouble? Where are all those fans that are supposed to be here?

SOLINSKY: Where are all the fans, indeed! I don't know. Don't ask me. They just grabbed them off us half an hour ago. We had six of 'em right on the line. Now I ask you, isn't that a nice example of how this fellow Lee does things? Just because we asked for time off, he gets sore and pulls all the fans away from here. I think he's the hardest man to work for there ever was. I don't know where the fans are. All I know is that the sorehead probably got mad because the union overruled him when we asked for fans a couple of weeks ago, and he refused. But let me tell you, Mr Avery, he can't get away with this.

AVERY: Who took the fans away, Julia?

SOLINSKY: I don't know who they were, Mr. Avery. One of the girls said they were just three fellows. . . . and shortly after 11, they came along, calmly picked up the fans, and made off with them. I don't know just where they are now, but I bet that guy, Lee, has got them hidden somewhere.

AVERY: Well, you just wait a minute, Julia. There must be some mistake. I'll look into this right away. You tell the girls to calm down.

Avery called up Mr. Swanson, general foreman of the fan division, and asked to have some fans put into the winding group at once. Mr. Swanson agreed. He then told Miss Solinsky that the fans were on the way. Miss Solinsky and the girls were satisfied.

Avery then went to the superintendent's office, but Mr. Lee was not there. Mr. Hastings, the general foreman, was in charge.

EVERY: Ed, I thought you told me there were six fans out on the winding job?

HASTINGS: Well, there are, aren't there?

EVERY: They weren't there five minutes ago. Julia tells me that somebody took them away, and the girls blame Lee.

HASTINGS: For God's sake! Come on, let's go out there.

EVERY: Oh well, there's no hurry. I think they are all right now.

What I want to find out is who took the fans away?

HASTINGS: I don't know. Let me call up Norton.

The general foreman called Norton on the telephone and asked him to come over to the superintendent's office. After Mr. Norton arrived, both Hastings and Avery asked whether he knew anything about the fans that had been placed in the winding section by the test men.

NORTON: Sure thing. We got 'em in the lab. now. The boys are tearing them down for a checkup on the test run. The two weeks are up, you know.

EVERY: Well, for God's sake, Bill, it's too bad you had to pick the hottest day of the year to take the fans out of the department. All the girls over there are blaming the general foreman and the superintendent for taking the fans out at this time. It's about 100 degrees out on the winding job, and these were the only fans the girls had. We've been trying to keep 'em at work all day, and you come along and pull the props from under us.

NORTON: Well, hell's bells, fellows, you've got to be reasonable. These fans weren't *given* to the department. They were just out there on a two weeks' test run. Lee had nothing to do with taking them away.

EVERY: True enough, but these people don't know it. All they know is that they had fans and that they were taken away. I tell you they were almost ready to stage a fanny strike.

NORTON: Well, what d'you expect me to do about it? The fans are up in the test lab. now, being checked over. I can't put 'em back.

EVERY: O.K. Only next time tell a fellow, will you?

CITY TEMPERATURES¹

Official temperatures recorded half-hourly Thursday and yesterday at Observatory follow:

¹ Clipping from the *Times Union*, Saturday, July 10, 1937.

Hour	Thursday	Yesterday
9:00 A.M.	82	80
9:30	84	84
10:00	85	86
10:30	86	86
11:00	87	87
11:30	88	87
12:00 NOON	89	89
12:30 P.M.	90	90
1:00	92	92
1:30	92	93
2:00	93	93
2:30	94	95
3:00	95 $\frac{1}{2}$	95
3:30	95 $\frac{1}{2}$	95
4:00	95 $\frac{1}{2}$	95
4:30	95 $\frac{1}{2}$	97
5:00	97	93
5:30	98	90
6:00	98	80

YESTERDAY COOLER THAN ON THURSDAY BUT FELT HOTTER¹

OFFICIAL TEMPERATURE 97, WITH THURSDAY'S MARK 98. HUMIDITY
BLAMED FOR DISCOMFORT DURING DAY

Officially it was cooler yesterday than Thursday, by a single degree, but it seemed hotter, and as usual, the humidity was blamed. Yesterday the Observatory maximum was 97; Thursday it was 98. Yesterday the humidity passed the 90 per cent mark; Thursday it went little higher than 40. The continuation of the heat wave was marked by a general slump in public good humor. . . .

¹ Clipping from the *Town Record*, Saturday, July 10, 1937.

SECTION XII

SUGGESTIONS FROM EMPLOYEES

CASE 36. THE SUGGESTION PLAN AT THE NATIONAL MANUFACTURING COMPANY, INC.

In general, suggestion plans are intended to promote constructive thinking and cooperation of employees. Since their inception in the 1880's, suggestion plans have spread rapidly in the United States, both in private industry and in public organizations. They have much in common with employee representation plans and serve chiefly as an additional channel of communication between workers and management. For, whatever the economic worth of the ideas suggested (80 per cent or more are usually insignificant in this respect), the systems are believed to have real social and educational value.

To management, the plan may reveal able employees for promotion. It has been found, for instance, that the absolute number of suggestions is always larger than the number of contributing individuals. There tends to be a small group of men who are prolific with ideas. The suggestion plan, then, acts as a mechanism of selection.

The workers are expected to profit by receiving recognition for creative effort, both from management in the form of monetary rewards and opportunities for advancement, and from their fellow workers in the form of prestige.

If suggestions are not restricted, the suggestion plan may also provide a constructive outlet for complaints.

At the National Manufacturing Company, a suggestion plan had been in operation since Oct. 3, 1924. At that time, and up to June, 1932, the method of administration was simple. Suggestions handed in by the employees were considered by a committee, and, if accepted, suitable awards were made. Notice of awards was posted publicly on the bulletin boards in order to stimulate further suggestions and give the suggesters full recognition.

However, the public posting of awards met with increasing dissatisfaction on the part of the workers. Some of the reasons given were as follows:

1. If a worker was rewarded for a suggestion that involved elimination of other operators, these operators were likely to penalize the suggester.

2. Similar reactions resulted if a suggestion so simplified or changed a work routine that rate revisions became necessary.

3. A foreman might discriminate against workers who had turned in suggestions improving processes for which the foreman himself was responsible. He tended to interpret such suggestions as criticisms of his work, and he either penalized the worker or tried to rearrange the process in such a way that the suggestion was no longer of value. Naturally, antagonism developed.

4. Many disputes arose as to the distribution of the windfall when an award was made. If the suggester owed money, claimants would appear and ask the company to effect a settlement.

Because of these complaints, management decided to publish awards by code number only, thus preserving the suggester's anonymity.

The general company policy with regard to the suggestion system was stated in the following letter from the works manager's office, dated Apr. 1, 1935.

To All Supervisors and Employees:

Subject: *Suggestion System*

1. The Company invites any suggestion which any employee believes will help improve our quality, methods, design or operation, reduce cost of manufactured products, or betterment of any phase of routine or processes in the conduct of the business or otherwise advance our mutual interests.

2. All accepted suggestions will be paid [the equivalent of] the first month's direct labor saving, varying in amount, dependent on annual activity. In cases where an award cannot be computed by this method, the Suggestion Committee will determine a fair award.

We have had subjects drawn to our attention in which suggestions have, after a time, proven to be exceptionally valuable, and for which the awards made previously have seemed inadequate. We do not hesitate, in such cases, to re-value these suggestions.

3. A suggestion is a direct negotiation between the suggester and the Suggestion Committee. Therefore, it is not necessary to consult your superior nor obtain anyone's permission before submitting an idea. All suggestions are confidentially handled.

4. All employees throughout the works and offices are eligible to submit suggestions. Superintendents, Foremen, Engineers

under patent agreement, Ratemen, Inspectors, Draftsmen, Cost and Production Clerks may submit suggestions on matters outside their line of duty. Any question as to a suggester's eligibility will be decided by the Suggestion Committee.

Signed: WORKS MANAGER

The suggestion committee, with the exception of two employee representatives, was appointed by the works manager. The employee representatives were nominated by the union and approved by the works manager. One employee representative was selected from the refrigeration division, the other from the motored appliances division.

The company's safety engineer served as chairman and secretary of the committee. As indicated by his title, safety work was his primary duty, and in the capacity of safety engineer he made regular rounds through the plant. On these occasions, in the capacity of secretary of the committee, he could easily be approached by an employee without anyone's knowing just what they were talking about. Very often an employee had a suggestion in mind but could not quite express himself or make a satisfactory sketch. Under these circumstances, the secretary helped the employee to express or elaborate the suggestion in a form suitable for submission to the committee.

Another member of the committee was the supervisor of the works-system department. In the latter capacity, he had naturally a wide acquaintance with plant conditions and could quickly make a preliminary evaluation of any suggestion that came up for consideration. The other three management representatives on the committee came from the three basic divisions of the plant (refrigeration division, feeder division, and motored appliances division). Each one was qualified to evaluate the incoming suggestions from the point of view of his own particular experience.

Every Friday evening, the secretary made the rounds of the suggestion boxes, which were distributed throughout the plant, and collected the suggestions that had been submitted. Many suggestions were also sent to his office by mail. These were attended to daily. Otherwise, at the beginning of each week, the secretary, assisted by a stenographer, classified and dated the suggestions received on Friday of the preceding week. Duplicate copies, identified by code number, were made of each suggestion, and a receipt was sent to the suggester.

One copy of the suggestion was placed on file; the other was assigned to an investigator who, in most cases, was a department head. The department head, in turn, was apt to delegate the investigation to someone else, usually the foreman. It was hoped that the investigation would be made within two or three days, but usually much more time elapsed before the suggestion was returned. In fact, many workers complained that some foremen allowed suggestions to pile up on their desks and then considered a number of them all at once without giving them adequate individual attention. The secretary of the suggestion committee tried to make it a general rule that three weeks should be considered the dead line for investigation. But, if more time was taken, he had no disciplinary authority. The only way he had of securing prompt consideration was to send out a personal appeal.

The suggestion committee met at least once a month and, if necessary, once a week. On Wednesday of each week in which they met the committee considered all suggestions in the open file. Ninety-five per cent of the cases in the open file were usually settled at each meeting.

A suggestion could be accepted or rejected only by unanimous consent. Any dissent held up the suggestion for further investigation. The following were typical reasons for further investigation:

1. Foreman had sent in an incomplete report.
2. Suggestion had value but required further study from the point of view of its practical application.
3. Suggestion definitely improved production process but required equipment that was at the time too expensive to install.
4. There was lack of agreement as to a suggester's eligibility, *i.e.*, whether the suggestion in question was outside his line of duty.

If a suggestion was accepted, a recommendation was sent to the works manager that an award be given. No award was ever made until a suggestion had actually been put into operation. Notices of all awards were sent out by Friday, if possible.

Many suggestions referred to conveniences and small improvements of such a nature that no direct labor saving could be calculated. Proposals of this nature were regarded as minor suggestions and, if accepted, were rewarded uniformly by a payment of \$2.50.

As an added incentive to make suggestions, an additional \$5 was paid for the first five accepted suggestions from one employee.

SUGGESTIONS FROM EMPLOYEES

231

TABLE XII

Suggestions	1925-1933	1933	1934	1935
Received.....	5,264	226	447	813
Adopted (A).....	1,557	64	102	227
Per cent adopted.....	29	29	22	28
Additional awards made.....	145	2	8	26
Amount paid, regular awards.....	\$7,460.00	\$287.50	\$884.50	\$1,939.00
Amount paid, additional awards.....	1,835.00	45.00	65.00	375.00
Total regular and additional awards (B)	9,295.00	332.50	949.50	2,314.00
Average amount regular awards.....	4.79	4.49	8.67	8.54
Average award per suggestion, including additional awards, divide (B) by (A).	5.96	5.20	9.30	10.24

TABLE XIII

1935

SUGGESTIONS ADOPTED AND REGULAR AWARDS PAID

113 at \$2.50.....	\$282.50
2 at 3.00.....	6.00
1 at 4.00.....	4.00
75 at 5.00.....	375.00
1 at 6.00.....	6.00
12 at 10.00.....	120.00
1 at 13.00.....	13.00
6 at 15.00.....	90.00
1 at 17.50.....	17.50
1 at 20.00.....	20.00
3 at 25.00.....	75.00
1 at 33.00.....	33.00
1 at 35.00.....	35.00
1 at 45.00.....	45.00
4 at 50.00.....	200.00
1 at 75.00.....	75.00
1 at 150.00.....	150.00
1 at 192.00.....	192.00
1 at 200.00.....	200.00
Total 227	\$1,939.00

ADDITIONAL AWARDS PAID

14 at \$5.00.....	\$70.00
2 at 10.00.....	20.00
2 at 15.00.....	30.00
3 at 20.00.....	60.00
1 at 25.00.....	25.00
1 at 30.00.....	30.00
2 at 45.00.....	90.00
1 at 50.00.....	50.00
Total 26	\$375.00

Ten dollars additional was given for the first ten accepted suggestions, and so on up to \$50, when the sequence began all over again.

If a suggestion was rejected, the suggester was notified upon a form provided for that purpose giving the reasons why the

suggestion could not be accepted. Usually the secretary made a personal visit in such cases, thanking the suggester for his interest and encouraging him to submit other suggestions. Whenever possible, the secretary tried to find something of a complimentary nature that could be said about the rejected suggestion. For instance, the suggestion might have been accompanied by an exceptionally clear and well-executed drawing which he could praise.

Table XII gives a summary of suggestion activities for the period 1925-1935. Table XIII is an analysis of the number of suggestions adopted in 1935 and the awards paid during the same year.

The attitudes of employees toward the suggestion system were divided. Many of them cooperated wholeheartedly with the system, as can be seen from the increase in number of suggestions sent to the committee during the years 1933, 1934, and 1935, when the numbers of all people employed at the plant were 2,985, 4,546, and 4,237. On the other hand, many workers would have nothing to do with the system. Some of these workers were previous contributors. Various reasons for dislike of the suggestion system were as follows:

1. Some employees continued to fear criticism from their fellow workers if they made suggestions that might have a bearing on the elimination of certain labor operations which would affect one or more of their fellows. Representative of this state of mind was the following letter from an employee to the secretary of the suggestion committee:

Gentlemen:

I have a suggestion to make that will save
much time and money
~~Thousands-of-Dollars-to-the-company-every-year.~~

I would like to have this suggestion investigated
privately, like on a Saturday morning, so as not to create
any hard feelings between my fellow workers.

Yours truly,

2. Some workers were of the opinion that the administration of the suggestion system was too much a matter of routine and did not provide sufficient personal contact between the investigator and the suggester.

3. Some workers thought that the period of waiting between submission of a suggestion and its disposal was too long. They frequently became indifferent.

4. Many workers were of the opinion that an award of \$2.50 for a minor suggestion hardly repaid them for the trouble of filling out the necessary form.

5. There was a tendency for workers to feel that while management was perfectly willing to make small awards, it showed extreme reluctance to pay out sums larger than \$5 or \$10. In those cases where a comparatively large award (between \$150 and \$200) had been involved, there had usually been much debate as to the suggester's eligibility. This question was indeed troublesome. A valuable labor saving suggestion usually involved specialized knowledge such as only leading hands and regular supervisors possessed. Naturally, in cases of this kind the question of whether or not the proposed suggestion was "outside their line of duty" became very important.

The supervisors also were divided in their attitudes toward the suggestion system. A discussion among supervisors brought out the following reactions:

Several supervisors contended that the foreman should be informed whenever a worker in his department made a suggestion, because in some cases it was necessary to talk over the suggestion in order to understand the idea correctly. The foreman could assist the suggester in elaborating upon his idea and making it worth while. Also, some supervisors believed that in this way the foreman could find out who were the outstanding employees in his department.

Other supervisors were firm in their belief that the foreman should not know the suggester's name because friction and discrimination against the suggester would probably result. The foreman might regard suggestions as a reflection upon him for not having made the designated improvements himself. He might feel that he was being subjected to criticism.

If an employee wished to have his identity known, it was suggested that the chairman of the suggestion committee should inform the highest supervisor in the employee's department that the employee had shown initiative by making a suggestion. This supervisor should inform the foreman. It was thought that a conflict of personalities might be avoided if two supervisors in the department knew about the enterprising employee.

SECTION XIII

VACATIONS

CASE 37. THE VETERANS' ASSOCIATION

(Interference between social organization and company vacation policy.)

This organization was started in 1914 at the central plant of the National Manufacturing Company for the benefit of long-service employees. It was specifically stated that the organization was not a pension or an insurance plan, but was designed to "promote a spirit of fraternalism and sociability and to perpetuate friendships gained by daily business association." Employees working in subsidiary company plants were cordially invited to form branch organizations. Qualifications of membership were as follows: All employees with 20 years or more of service, continuous or cumulative, could apply to the central office for certification. Dues for membership were \$2.50 a year. In addition to this, each veteran employee was to pay for a membership pin. One of the benefits to be derived from joining the association, (aside from the opportunity for social relationships), was a week's vacation with pay. This was in addition to the week's vacation with pay which the company granted to all its employees on the check roll who had 10 years or more of service.

One of the New England works of the National Manufacturing Company enrolled 68 members in the Veterans' Association. The local branch, however, had no facilities for social gatherings and, aside from a few organizational rallies and an annual business meeting, made no attempts to bring its members together. It was generally understood that eligible employees joined during the summer period for the purpose of securing an extra week's vacation.

On Feb. 1, 1937, the president of the National Manufacturing Company announced a new vacation policy:

February 1, 1937
President's Letter No. 215

Vacation Plan 1937.

The vacation plan for hourly paid employees of the National Manufacturing Company and subsidiary companies for 1937 is as follows:

5-10 years' total service..... 1 week with pay.
10 years' total service and over..... 2 weeks with pay.

Former employees upon reemployment must have at least one year's continuous service to be eligible for vacations under this plan. Payments will be calculated as heretofore.

The vacation plan for salaried employees will be the same as for 1936.

Scheduling of vacations will be arranged to best meet the activities of the department.

L. B. OLIVER
President

This plan superseded any previous arrangements and discontinued the practice of granting veteran employees an extra week's vacation. When this change in policy became known, the secretary of the local Veterans' Association came to Mr. Avery (supervisor of industrial relations) and wanted to know what advantage there was for veteran employees to continue membership in the association. Many members had complained that they felt cheated. He asked the industrial relations supervisor to give this question some thought and specifically to consider the following suggestions:

1. That each veteran employee should be granted a third week's vacation with pay.
2. If the first suggestion met with refusal, that each veteran employee should be given an annual gratuity to cover vacation expenses.
3. If either of the above suggestions were not acceptable, that members of the Veterans' Association should be treated to an annual banquet at the company's expense.
4. Or, finally, that the company should reimburse each member of the association the money paid for dues and membership pin.

SECTION XIV

COMPENSATION FOR ACCIDENTS

CASE 38. CASE OF ANTON PALAÇEK

(Company's attempt to rehabilitate an employee who had lost four fingers.)

On Apr. 4, 1932, Anton Palaček, nineteen years of age, was employed by the National Manufacturing Company as a bench hand in the domestic appliances department. He was working on the second shift, operating an old-type E. P. hand miller 4050, slotting control brackets. A piece of work jammed itself in the machine, and, in order to free it, Anton removed the guard on top of the cutter. Then, at about 3:30 P.M., Anton tried the machine without having replaced the guard, accidentally put his right hand under the cutter and cut off four fingers on his right hand.

The company doctor attended to the injury and, beginning Apr. 4, 1932, Anton received a weekly compensation allowance.

After the accident, Anton assumed the attitude that he was ruined for life. His ambition had been to take the civil service examination and qualify himself as a policeman, even though his education extended only to one year high school. His injury shattered this dream.

In an effort to rehabilitate Palaček, the employment manager gave him a job in the employment office as file clerk—running errands, filing badges, etc. Anton took no interest in the job and failed miserably. He resented the solicitude of women clerks in the department and became morose and uncooperative.

To remedy the situation, the employment manager found him a job as general shop clerk. Anton reacted favorably to this change for a few days and then failed again. He spent more and more time visiting in different departments, exhibiting his injured hand and bemoaning his fate.

The employment manager continued to offer his help and endeavored to reawaken the young man's ambition. "Other people had similar accidents but had spirit enough to stand up and

make something of themselves." He pointed out opportunities in different trades and finally interested the boy in studying to become a draftsman. Since Anton was deficient in schooling, the employment manager arranged with his superiors that the young man could study draftsmanship at the local trade school in the morning and work for the company during the afternoon.

Again Anton responded favorably for a short time. Then he began to slip. He complained that he was not earning money enough even though the company paid the difference between his regular wages and the amount of his compensation.

On Nov. 8, 1933, Anton's case was brought before the Industrial Accidents Commission. He was represented by two lawyers who argued that the company should settle the case by paying Palaček a lump sum. The commissioner, who took a lively interest in the boy's future, ruled that it was better to accept the National Manufacturing Company's offer to rehabilitate Anton by training him as a draftsman. As a result, Anton was placed under the care of Mr. Bowers, chief draftsman, domestic appliances engineering department. The following is a copy of the Rehabilitation Progress Report that was submitted to the commissioner on Jan. 14, 1936.

REPORT OF PROGRESS IN THE REHABILITATION
OF
ANTON PALAČEK

Purpose: The purpose of this report is to show the progress of Anton Palaček as an apprentice draftsman in the Domestic Appliances Drafting Department.

This case in the writer's opinion should be broken down into five general periods, namely:

1. Scholastic
2. Pre-accident employment
3. Accident
4. Re-habilitation
5. Future.

I am not entirely familiar with the first three periods or, as a matter of fact, with the early history of the third period, therefore, I will confine myself more or less to the fourth and fifth periods.

In June, 1934, Mr. Kendricks, Supervisor of Employment and Relief Department, discussed the case of one Anton Palaček who had been on compensation list for a period of time due to an accident, while working on a hand miller, which caused the total loss of three fingers and a portion of the index finger on his right hand.

For sake of clarity we will list some of the re-habilitation schemes tried previous to this discussion:

Employment Office—acting as a file clerk

Employment Office—General clerk

General all around shop clerk.

It was my understanding at that time that Anton had failed miserably in each of these projects; however, Mr. Kendricks still thought that the boy should have every consideration before giving up his case entirely.

There was another angle of the situation which did not help matters any, and that was that some outside influence was working on Anton, and he was becoming convinced that he was not getting a fair deal by the company. He felt that he should receive his compensation adjustment in full, it being his contention that he could start in some business such as chicken raising.

Mr. Kendricks decided, after due deliberation, that, inasmuch as Anton was at that time more or less of a shiftless nature, the money would be spent, and Anton would be out of both his money and a job and therefore a burden not only to his family but to society in general.

It was at this point of the discussion that Mr. Kendricks asked me if I thought Anton would possibly be able to do anything in the Domestic Appliances Drafting Department. With the facts as stated above before me and the thought of Anton's maimed hand, and by the way, he is right handed, I was somewhat reluctant to go ahead without first having a talk with Anton.

Mr. Kendricks arranged this meeting, and we outlined our plans to Anton. I must admit that after a short discussion my opinion of Anton's chances for success were not very bright; he was all that had been said about him, almost to the point of repulsiveness; however, I decided to try him.

From here on it must be remembered that Anton was entirely without experience in the drafting line.

Realizing that first of all it would be necessary to decide whether or not he could use his right hand I started Anton on lettering with ink. He soon became discouraged, but, at that, it really was a difficult assignment for him. I explained to him, however, that it was a battle that he must fight and win over himself, as there was no one that could help him until he had overcome his own deficiencies both physical and mental, especially the mental.

After a while he started to get himself in line and did fairly good lettering and tracing of simple details. This kept up for a few months with a noticeable improvement as each successive job was completed.

It happened that one of the other departments needed a man to do some minor work, and, thinking this might make Anton feel better, I suggested that he be given the opportunity. This was done, and I did not hear anything except that things were going "all right" until the Chief Draftsman of the other department came and told me that he had just been before the Commissioner with Anton and Mr. Kendricks, and

that Anton was being given a three months' probation, and that it would be necessary to appear before the Commission for a decision at the end of this time. He also told me that he was disgusted with Anton's behavior, and as far as he was concerned he had gone the limit with Anton and was ready to turn him out. He explained that Anton had for some reason or other fallen back into his old habits and spent most of his time hanging around various shop departments.

I was indeed surprised to hear this and immediately had a serious talk with Anton. I told him that I was very much surprised and disappointed in his behavior. He explained that in the other department he had lost interest and become discouraged as to the chances for his success.

It was then that I outlined three general paths that lay before him for consideration not necessarily for the present but figuring at the age of forty.

First—He could be paid in full, and in a short time the money would be gone, and he would be more or less a burden on everyone concerned.

Second—He could be satisfied with some kind of a minor clerical job in the shop with little chance for advancement, as he was more or less under a cloud due to his past record.

Third—He could go to school and procure the fundamental knowledge necessary in the drafting line, and this, along with a consistent and sincere effort here, would put him into a position that at the age of 40 he could be earning far more than he could if he had never received his injury.

After this discussion I told him to go home and think the thing over, and we would make a decision the next morning.

The next morning Anton came in and said he had decided, if he could, to go along with the third consideration, namely, to stay in the drafting game.

We then made arrangements with the Trade School for Anton to take mathematics and elementary drawing and here at the plant we would keep him on tracing and odd job detailing.

Since that time there has been quite a change in Anton's all around behavior. He has knuckled right down to his work both here and at school and I predict, if he still keeps his good work, that eventually he will become a good draftsman.

(s) T. S. BOWERS

On July 13, 1937, Anton Palaček started work as a junior draftsman. Frequent comparisons with fellow workers who were not similarly handicapped brought on fits of despair and an increasing number of periods when Anton would relapse into his earlier attitudes of brooding and self-pity.

CASE 39. CASE OF GEORGE MONNIER

(Social complications in a "lame-back" case.)

On May 21, 1937, at 6:30 A.M., Mr. Monnier, a welder in the maintenance department was lifting a welding template from the floor onto the welding bench when he complained that this exertion had strained his back above the left hip. He reported to the foreman who gave him a hospital slip and sent him over to the first aid department. The first aid nurse administered a bake under the heat lamp. This relieved the pain somewhat, and the man returned to work. He was given light duty for the rest of the day.

Monday, May 24, 1937, Mr. Monnier did not report for work. Mr. Hanson, the safety engineer, investigated the accident and in talking over the job with the foreman, could find nothing unusual. The template was a steel plate, approximately three by four feet, and weighing 90 lbs. The welding bench was the standard height of 30 inches. In lifting the plate onto the bench, the plate was rested against the bench, lifted upward, and then slid onto the bench top. In doing this, the operator lifted only part of the weight. This operation had been performed by Mr. Monnier several times during the last two or three weeks when he was working on the job. The foreman further emphasized that all men were instructed not to lift any heavy weight without the assistance of another employee. Since the men in the maintenance department worked on a straight daywork basis, there were always men around who could lend a hand when help was needed.

As nothing was heard from Mr. Monnier during the day, Mr. Hanson went to his house to inquire why he had not reported for work. Mr. Monnier was not at home. His wife stated that he had taken the automobile downtown on some business but could be expected back any minute. Mr. Hanson could not wait but instructed Mrs. Monnier to have her husband report to the first aid department as soon as he reached home.

Mr. Monnier did not come to the first aid department that day, but the next day he drove his car into the company yard near the first aid department, and seeming to have great difficulty in getting out and holding his side, he walked over to the first aid department very slowly and in a stooping position. Before leaving, he came to see Mr. Hanson.

MONNIER: I am sorry I was out the other day, Mr. Hanson, but it was very important that I go downtown on some business.

HANSON: If my back were as bad as yours appears to be, Mr. Monnier, I certainly would go to the hospital as soon as possible and have it properly attended to.

MONNIER: That's all right. My wife has been taking care of my back, and the electric bakes I get from the nurse here do me more good than anything they could do for me at the hospital.

HANSON: Really, Mr. Monnier, I think you have the wrong idea of how a bad back strain should be taken care of. There is a prescribed method for back injuries that will produce good results within two or three weeks. I strongly urge you to see the doctor immediately and go to the hospital at once if he advises you to.

MONNIER: I don't think that will be necessary, as the treatment I am receiving from my wife and from the nurse seem to be fixing me up all right.

HANSON: My dear fellow, from the way you are walking, you have the worst back case I've ever seen in the plant. And I don't think you should take any chances. Take my advice, see the doctor and get proper treatment at once. I am sure that after two or three weeks in the hospital you'll come out a new man, all ready to go back to work.

MONNIER: I really don't think there's any need of my going to the hospital but I assure you that if the present treatments haven't fixed me up by Wednesday, I will go to the hospital for treatment. You see, I have a wife and a little baby and they don't like to be left alone at nights.

HANSON: I don't think that is a point to consider at this time. You state that you are physically unfit to go to work and they depend on you for their livelihood. Under these circumstances it is your duty to get well as quickly as possible so that you can return to work.

MONNIER: I agree with you, but I feel that if you will give me till Wednesday, I will have improved enough so that I won't have to go to the hospital.

Nothing was heard from Mr. Monnier for a whole week. During this time information drifted in from unsolicited sources in Mr. Monnier's department that he spent most of his time at the

race track and had no more lame back than any of the other men who were still at work.

An interviewer in the employment department had been walking along Main Street one evening with his wife, when he noticed Mr. Monnier leaning comfortably against a building, talking to three other men. The interviewer stopped and talked to Monnier. Immediately, Mr. Monnier assumed a position indicative of a bad back.

On another occasion, Mr. Monnier was outside the plant watching a salesman give a demonstration with some automobile polish. During the demonstration, Mr. Monnier tried some of the polish on his own car. While he applied the polish he was bending and stretching in a normal manner. Midway through this procedure, Mr. Avery, supervisor of industrial relations, happened to pass by. He stopped and said: "Better look out for that back, Monnier." The invalid immediately placed his hand on his back and assumed a rigid position.

On June 2, 1937, Mr. Monnier came to Hanson's office after he had his back baked and started in to tell Hanson how much his back had improved. He suggested that if he had a belt for his back he would be able to return to work in a week or two. He said that he had been talking to a fellow who had a similar affliction and had received much benefit from such a belt.

Mr. Hanson quoted to Mr. Monnier several of the reports regarding his actions and asked for an explanation. Mr. Monnier answered that such talk was merely prompted by jealousy on the part of the men working in his department. He said they "was a bunch of Polacks in that department who would cut any man's throat without an excuse, and that he ought to know when his own back was sore."

HANSON: You will recall that you promised on May 24 when I saw you last that if your back was still bad by the 26th you would go to the hospital for treatment.

MONNIER: I know I did, but I don't want to go to the hospital. I've been there once for a bad operation and anyone who has been to the hospital once never wants to go back again.

HANSON: That is not the reason you gave me last time we talked about it. Then you disliked to go because of your wife and child.

MONNIER: Well, that's another thing, too, and all the more reason why I shouldn't go to the hospital. My wife gets scared when there is a thunderstorm and has to have somebody with her.

HANSON: Well, as far as I am concerned, Mr. Monnier, I wash my hands of your case. We made an agreement that you would do something for me, and you did not make the slightest attempt to live up to it. As far as I am concerned, you have put a fast one over on me and that's that. Here's the address of the Industrial Insurance Company, and if you want to talk over the question of a belt for your back or anything else before you are ready to come back to work, I suggest that you go down to see them.

MONNIER: I knew you thought I was bluffing from the way you was acting. And I'm not going to take that from you. I know my rights. I'm going over to the union office right away.

HANSON: Go ahead. I never said you were bluffing. I said that you put a fast one over on me. And I stick to that. I also stick to saying that I have no further interest in your case. There's nothing more I can do until you're ready to return to work.

MONNIER: If you think I'm faking, why don't you send me to any doctor you want and have them examine me. If they say I'm able to go back to work, I'll come back right away. In fact, I'll come back Monday if you want me to.

HANSON: It's not for me to tell you when you should or should not return to work. But I still say that irrespective of a doctor's report I have formed my own opinion of you and will abide by it. I've asked you to go to the hospital for proper treatment when the injury first occurred. You have refused to do so, and that's as far as I am interested in the case.

MONNIER: All right, Mr. Hanson. You'll hear from me. I'm going over to the insurance people and see what's what.

The agent of the Industrial Insurance Company sent Mr. Monnier to be examined by Doctor Wallace. The latter sent in the following report:

June 14, 1937

George Monnier

History:

On May 21st. employee was lifting a plate used for welding, when he felt a pain in his back and became doubled up. He went at once to the First Aid where his back was baked, and this was continued for four days. He was then advised to go to the hospital but he stayed at home and reported for baking at the shop. Employee feels he is improved but he still has pain.

Examination:

Shows a well developed and nourished man, 34 years of age, height 6 feet, weight 200 lbs. Teeth sound with the exception of three, which should be extracted. Throat negative. Employee stands with considerable stoop of the entire spine, and a list to the

right. Motions of the spine are all guarded and there is pain in regaining upright position. Motions of the hips are normal. Straight leg raising is limited and painful.

Opinion:

This man gives a history of a strain of the lower lumbar spine and from my examination, it is my opinion that he is still disabled and requires further treatment. I would advise that he be referred to the hospital for a possible fasciotomy.

RICHARD WALLACE, M.D.

A few days later, Mr. Monnier came to Mr. Hanson's office to inform him that he had better be careful what he said since Dr. Wallace found that he had a lame back and was reporting it as such to the Industrial Insurance Company.

On June 21, 1937, Mr. Monnier drove to Hartford, Conn., to put his case before the Industrial Accident Board. The following letter from the Assistant Adjuster in Hartford to the Adjuster in New Haven tells of Monnier's appearance before the Board:

A. Monahan, Assistant Adjuster	Hartford, Connecticut
J. Riordan, Adjuster, New Haven, Connecticut	June 25, 1937

George Monnier:

On June 21st while at the Industrial Accident Board I discussed this case with the chairman. They called my attention to this case because the man had just been down from New Haven relative to a claim he has for an accident happening on May 21, 1937. The Board looked up their records in this case and the only thing on file is an accident report, indicating that on May 21, 1937 this employee suffered an injury to his back. I did not see the man myself, but was informed by the Chief Inspector that the man was in a very bad state, and appeared to be badly crippled, and could only walk by supporting himself against the wall and the railing as he went along, and that he had been driven down by a friend. I told the Chief Inspector that we had given Monnier no treatment and done nothing for him although a suggestion had been made that we would pay him a lump sum payment of four weeks. I told the Board that I thought there was something else behind the case besides the man's story, as I felt certain that if the man was in this condition he would have been taken in hand and given the proper treatment. It was evident that he excited the sympathies of everyone at the Board, and they felt the man should be put in a hospital because of the condition he was in. I am just writing this and calling it to your attention because of the fact that something may develop on it, and if there is a background to this case

which the man didn't tell the Board, or the man has not got the disability he claims he has, I would appreciate your letting me know so that I can convey the information to them, and wipe out the erroneous opinion that they have of your office from the story this man told.

Sincerely yours,

A. MONAHAN, Assistant Adjuster
Industrial Insurance Company

The following reply was sent:

P. Murphy, Assistant Adjuster	New Haven, Connecticut
A. Monahan, Assistant Adjuster	June 26, 1937
George Monnier, Compensation.	

Adjuster Riordan has discussed with me the contents of your letter addressed to him under date of June 25, 1937. The claimant in this case apparently from your letter has misrepresented the facts. Following his injury our assured's Safety Representative suggested that he go to a hospital for treatment. He refused to accept any hospital treatment and at the same time he practically refused to do anything that their First Aid Department recommended. He did, however, immediately following the injury, have four or five bakings done at the First Aid Room. For some unknown reason, he stopped having these treatments and began to talk his case to everybody he met and apparently was given the advice that he could do as he pleased and we would have to like it.

After our assured found that they couldn't do anything with him, the Safety Engineer called me on June 12th and advised that he was sending the claimant in for me to talk to him. At that time I was advised by our assured's representative that the claimant would accept no treatment and that he was demanding compensation. I discussed the matter with him and suggested that he have an examination at this visit to our office on June 12th and he immediately refused to be examined or do anything about his condition, beyond accepting compensation.

After considerable talk on his part I told him that I could not do anything on the matter until I determined for myself what his injury was. I also told him to go and see Dr. Wallace and he left the office stating that he would think that one over, to use his expression. He did finally go to Dr. Wallace's office on June 14th and he reported to us that the claimant needed treatment. I verbally discussed the matter with him also and Dr. Wallace said that the man in his opinion, should go to the hospital as he did not believe he would clear up promptly by running around, as he has done since he was hurt. The claimant called again at our office on June 17th and I advised him of what Dr. Wallace reported. But he refused to go to the hospital, or to have anyone of the best

four orthopedists in New Haven treat him. For your information, I gave him the names of Dr. Hiatt, Dr. Joseph Daley, Dr. Vandehough, and Dr. Wallace. I advised him that it made no difference to me which one of these doctors looked after him, but he should attend to the matter immediately and advise the doctor that he went to, to get in touch with the writer. Instead of the claimant going to any of these doctors for treatment, he merely remained inactive and continued to discuss the case with "Tom, Dick and Harry." As usual, he got plenty of bad advice, which sort of set him off his equilibrium. On June 19th he called at the office and stated that he wanted to have some compensation and I told him that he had not cooperated with us, in our attempt to help him out of his difficulty and that he should do that, as well as have an x-ray of his back. He agreed to have the latter done before leaving the office and I made arrangements with Dr. Dwight to have an x-ray taken. But on leaving my office, the claimant refused to see Dr. Dwight and the thing fell through.

In the course of the discussion on June 19th the claimant told me that he was mentally sick and tired of everything; that he had considerable trouble and that the matter was then in the Probate Court and if he could get some money, he would take his second wife and child and go someplace for a prolonged rest. The thought then occurred to me that if we could add four or five weeks to the disability, which at that time was approximately one month old, and throw in something for a medical bill and back brace, it might possibly solve the matter. As a bait, I suggested about 8 or 10 weeks compensation plus \$75 for medical care and agreed to allow him to think it over for the week end and I would personally call at his home on Tuesday, June 22nd.

On June 22nd, I arrived at his home at 8:10 A.M. and found him in bed. After letting me wait for twenty minutes, outside the house, he admitted me and I found that he was unable to make up his mind whether to dispose of this case or not and said that he had been to see Attorney Levinsky, who advised him that Dr. Wallace was an excellent doctor to treat him; that he should submit to treatment and then request that we pay compensation. He said, too, on the other hand, that he was willing to compromise his claim as he thought that might be a good idea if he could get enough money to assure himself that he would have a reasonable settlement. I told him at his home that it made no difference to the writer, one way or the other, but if he was to accept compensation, he should submit to treatment by some doctor who was really skilled in the treatment of back injuries. He also agreed at that time to go to Dr. Dwight's office for an x-ray in any event, whether he lump-summed his case or accepted compensation.

On June 23rd, I again met Monnier at the assured's First Aid Room and at that time he was very abusive both to the assured's representative and to the writer. He stated that he was going to

do this thing just the way he wished and request a hearing. As he created quite a disturbance in the assured's main office and addressed his remarks to the other employees, I told him that we would do nothing in the matter until he cooperated and as he had not done so up to that time, there was nothing else I could do.

Mr. Kallen of the Industrial Accident Board interviewed the writer and Mr. Riordan on June 25th, and inquired as to what the status of the claim was. We told him that the claimant had not cooperated and refused to do anything to aid himself and we were really in the dark as to what was the matter with him and we decided that we were entitled to his cooperation, instead of his abuse and we were willing to do the proper thing, providing he was to do his part. For your information, I might say that the claimant from a claim standpoint has a bad background. His father, some years ago was employed by one of our assureds, namely the Oriental Carpet Company and after recovering from an injury was given light work, attending one of the yard gates and after a short time, discharged by this concern. He also is acquainted with a man named Barlow who formerly worked at the same plant as the former did and after a prolonged payment of disability, a hearing resulted and a lump sum was put through by his attorney, Mr. Levinsky of this city who represented him. Barlow was also discharged and I believe that between these two persons and other agitation that the claimant had regarding this matter, that he got into such a mental condition he did not know what to do. Mr. Riordan advised me that when Monnier came to the office yesterday afternoon, June 25th, he told him that he was talking to too many persons and lacked confidence in us. The claimant admitted to Mr. Riordan that he had no criticism to offer regarding the writer, and also that he probably did make an error, in the way he handled his part of it. This morning at the suggestion of Mr. Riordan, he called at the office and advised us that he had the x-ray taken by Dr. Dwight, and that he had submitted to treatment by Dr. Wallace, and he is to continue with him until he clears up. Accordingly we paid him his compensation from date of injury to the present time, in the amount of \$90.00.

I have detailed this matter to you for your own information. You may use whatever part of it you believe you should tell the Board of, and I know that you will be able to give them the proper impression of the case, because I know that the claimant has not behaved as he should and he admitted it when discussing the matter with Mr. Riordan yesterday.

(s) P. MURPHY

On Wednesday, July 7, 1937, Mr. Riordan called Mr. Hanson on the telephone and stated that Monnier could be expected to return to work on Monday since Dr. Wallace was of the opinion that he would be able to resume work. He hinted at certain

complications in Monnier's personal affairs which would probably result in Monnier's being exceedingly anxious to get back to the factory.

On July 12, 1937, at 8:30 A.M., Mr. Monnier came to Hanson's office. He was dressed in his working clothes, walked up in a jaunty manner and reported that he was ready for work.

MONNIER: You told me to be sure and report to you before I went back to work. Well, here I am. If you want me to start, I'm ready.

HANSON: Has the doctor said that you are able to come back to work?

MONNIER: You bet your life. Here's the slip. He told me I could go back to work but should not do any heavy lifting for a while. He also gave me this prescription for a belt for my back. He told me to wear the belt right along.

HANSON: Have you got the belt on now?

MONNIER: How could I? This is the prescription for the belt. I didn't want to get it until you said it was O.K.

HANSON: If Doctor Wallace recommended that you wear a belt I suggest that you get the belt right away—get it properly fitted and then we'll see about your returning to your job.

MONNIER: I'll go down right away and have the belt fitted. As soon as I get it I'll be seeing you.

Mr. Monnier was on the point of leaving the office when he turned back and whispered: "You know this has cost me two months' suspended sentence, for nonsupport of my first wife. It's the first time I've been up before the judge and would you believe it, he didn't even give me a chance to say a word. They just gave me the sentence."

Acting on this hint, the employment interviewer looked up Mr. Monnier's court record. The court files contained the following information:¹

CASE OF GEORGE MONNIER

Born: 12.25.1902

Birthplace: East Boston, Massachusetts

Father: Henry

Mother: Myrtle Bowers

Education: Grammar School

Height: 6 feet

Weight: 175 lbs.

¹ The court record has been synchronized with Mr. Monnier's employment record for the sake of giving a complete picture.

EMPLOYMENT RECORD

COURT RECORD

1923. A. B. Mfg. Co. Machinist
Left: Not enough money.
1924. City Fuel Co. Chauffeur.
Laid off. Lack of work.
1925. (October 7.) Henderson
Manufacturing Company.
Fox Lathe Operator.
1926. February 28. 1926.
Quit without notice.
1927. National Manufacturing
Company. August 30.
Entered employ as Assembler.
October 24. 1927. Quit
without notice.

January 2. 1926. Arrested for
non-support. Case filed.

1928.

November 17. 1927. Arrested for
Assault. Sentenced to 6 months
House of Correction. Sentence
suspended to November 17. 1928.
December 3. 1927. Arrested for
Non-support. Defaulted.

April 6. 1928. Brought to Court.
Case filed.

April 6. 1928. Charged with vio-
lation of Probation. Sentence in
effect. (6 months House of Cor-
rection.)

April 6. 1928. Charged with
breaking and entering and lar-
ceny. Held for Grand Jury.

May Session 1928. Tried in Supe-
rior Court and found guilty.
Sentenced to 2 years House of
Correction.

1931

April 25. 1931. Arrested for Non-
Support. Probation to April 25.
1932.

1932.

April 9. 1932. Violation of Proba-
tion. Sentenced to 3 months
House of Correction. Sentence
suspended to April 9. 1933.

1933.

February 10. 1933. Violation of
Probation. Sentence in effect.

1934. (January 4.) National
Manufacturing Company.
Re-hired as First Class
Welder.

EMPLOYMENT RECORD

COURT RECORD

October 29. Laid off.
Foreman's statement: "It is necessary that we reduce our force. Monnier being one of the last men hired is one of the first to be released. His work is O.K. Would re-hire as second class welder."

1935. (January 31.) National Manufacturing Company. Re-hired as second class welder.

1936.

1937.

May 21. Put on compensation list. Strained back.

Monday, July 12. Monnier returned to work.

December 17. 1936. Arrested for non-support of child. Probation to December 17. 1937.

April 8. 1937. First letter from Chief Probation Officer. (See below.)

April 27. 1937. Second letter from Chief Probation Officer. (See below.)

July 10. 1937. Violation of Probation. Sentenced to 2 months House of Correction. Sentence suspended to July 10. 1938 on the condition that he go back to work.

The following are copies of letters sent by the Chief Probation Officer to Mr. Monnier.

LETTER I

April 8, 1937

DEAR SIR:

Your former wife had quite a talk with me today with reference to the boy. After talking with her, it would seem to me that as long as you are the father of the child you ought to go down to the Department of Health at Hartford and arrange to have the boy given his correct name.

According to a record I have here under date of March 11. 1937, from the Director of the Bureau of Vital Statistics of the Department of Health in Hartford, the record of the birth of

George Mercier, born February 13, 1924, in West Hartford, is on file. Lydia Mercier is the mother. Father's name is unknown.

Lydia says that you are the father of the child, that you have publicly so stated on several occasions and that you have contributed to his support. It would seem to me that it would be much better for the future of this boy if your name were given to him, rather than have him go under the present name. If you go down to Hartford, I believe you could straighten it out without any difficulty.

In addition you are behind here in your payments, as you, of course, know. Kindly arrange to pay a little each week toward the reduction of this arrearage.

Very truly yours,
(s) CHIEF PROBATION OFFICER

LETTER 2

April 27, 1937

DEAR SIR:

Your former wife has been here again to see if you are willing to have the birth record of your son, George Monnier, recorded in your name, rather than as it now stands in the records of the Hartford Health Department under the name of George Mercier.

I do not see any reason why you should not acknowledge the paternity of this child, since he apparently is yours, according to your own statement. It would not make any greater obligation on you by acknowledging the paternity, but would leave the child in a better position to face the public and would make it easier for him in his future years.

Very truly yours,
(s) CHIEF PROBATION OFFICER

SECTION XV

UNION-MANAGEMENT COOPERATION AT THE NATIONAL MANUFACTURING COMPANY, INC.

CASE 40. THE CAMPAIGN AGAINST WASTE AND DEFECTIVE WORKMANSHIP AT THE NATIONAL MANUFACTURING COMPANY

(An Experiment in union-management cooperation.)

The National Manufacturing Company was an organization of international scope. It manufactured a wide range of machines and mechanical products for both consumers' and producers' markets. The headquarters division and the sales department were located in a large Middle Western city, while the 11 plants were scattered throughout the Atlantic states. The plant referred to in the following case was located in a New England city with a population of 100,000 and a plentiful supply of skilled labor. The local plant had been in the community for 30 years and was one of four large concerns that employed approximately 4,000 men and women. About 80 per cent of the employees were American born. The Poles and French Canadians predominated among the male foreign-born group; the Italians among the women. Among the younger employees, about 60 per cent were the American-born children of Polish, Italian, and French Canadian parents. The older employees had a grammar school education. Most of the skilled workers such as tool and die makers, die setters and repairmen, welders, electricians, carpenters, and steamfitters also had a high school or trade school education. About 90 per cent of the younger group were high school graduates or at least had several years of high school training.

The products of the local plant were consumers' goods of a mechanical nature, depending on retail sales through the retail and jobbing organization that the central sales department had established throughout the world. The nature of the business was such that production schedules were seasonal, and the product was subject to annual changes in design, necessitating high

peaks of production activity and sharp recessions in its several divisions. The general policies of the plant were outlined by the headquarters division of the national organization, while its local policies were centralized in its own management.

Up to 1934, the local plant was organized as follows:

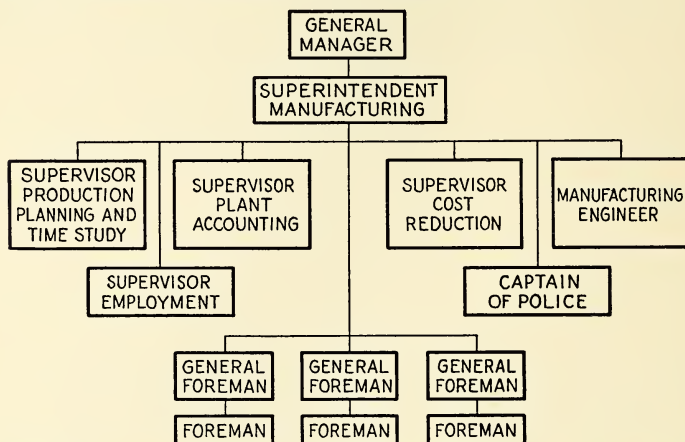


CHART XVI.—Organization chart of the National Manufacturing Company, Inc., plant No. 10.

The general plan was that of a staff and line organization. There were three general foremen in charge of the various manufacturing divisions. To them reported the foremen in charge of the manufacturing departments. The general foremen, in turn, reported to the superintendent in charge of manufacturing operations. To the superintendent reported also the supervisors of such staff departments as: production planning, plant accounting, employment, cost control, engineering, and the police. The superintendent reported to the general manager.

The function of labor relations was a direct responsibility of the general foremen and departmental supervisors. Departmental foremen hired their own employees, forwarding their requisitions to the employment manager for notification, examination, and record. The discharge of employees and the rates of pay were also responsibilities of the foremen, subject to the approval of the general foremen; the same applied to inspection. Each foreman was responsible for the quality of products manufactured in his department. Sick benefits, pensions, and insurance matters were treated as a matter of records and regarded as the

responsibility of the accounting supervisor who also acted as office manager. Suggestions were a function of the production planning and time study department, the members of which made up the committees to study and award suggestions from employees.

Lack of coordination of these various activities led to much dissatisfaction among employees and culminated in labor troubles. The employees organized themselves in an industrial union for the purpose of collective bargaining and in the fall of 1933 went out on strike to enforce their demands. The settlement of this strike brought with it a reorganization of management and the development of an industrial relations department as a staff function. The position of the superintendent in charge of manufacturing was abolished. Instead, there were five divisional superintendents, one for each line of product. Under the divisional superintendents, there were foremen or supervisors. In this way, company organization was more decentralized. At the head of the plant organization was the works manager.

The new management signed an agreement with the industrial union and worked in close cooperation with its officers through a system of negotiation that had been set up for that purpose. Officers of the union and selected departmental representatives met with management on the third Wednesday of every month to discuss policies affecting the plant as a whole. Upon request of either party, special meetings could be called. In the monthly meetings between management and the officers of the union, policies were set up and published for the coordination and guidance of all divisions in matters of labor relations such as wages, the classification of jobs and rates of pay, employment, transfer, furlough, layoff, and dismissal procedure, working conditions, hours of work, vacations, and promotions.

The administration of policies was centralized in the department of industrial relations. Routine complaints and matters concerning individual departments, occupational groups of workers, were taken care of by means of daily conferences with the supervisor of industrial relations. A representation plan had been set up, which provided for one union representative for each department and occupation to negotiate with management any problem that affected his particular department or occupation. When a union representative asked for a meeting with the super-

visor of industrial relations he was privileged to bring with him the complainant and a second worker from the department or occupation in which the complaint originated. The supervisor of industrial relations, in turn, saw to it that in any discussion with the union representative, the supervisors concerned were present.

Under both the old and new management, the problem of defective workmanship and materials had been a persistent difficulty, as reflected in excessive "45" charges.¹ The old management had relied chiefly on disciplinary measures to cope with this problem. If responsibility for defective work could be traced directly to an employee he was discharged. In other cases, the entire group was charged for defective work even on the previous operations that they did not perform and for the materials. Defective work was not eliminated by these repressive measures. Instead, as pressure was applied, the defective apparatus was squeezed out of the plant. Workmen protected their earnings by hiding defective products and smuggling them out of the factory. At one time, guards stopped the men as they were leaving the plant and subjected each one to a search. As lines were formed, and as soon as the workers realized what was happening, they rid their dinner pails and their pockets of any incriminating scrap. The next day a large packing case was filled with defective parts that were picked up in the yard. This episode opened management's eyes and also helped to account for the large annual inventory loss that the company had been sustaining.

One of the first acts of the new works manager in 1934 was to revise company policy with regard to defective workmanship. It was announced that "the only deductions for defective work that will be made from bonus earnings will be replacing the defective operation or operations performed by the employee or the group." No charge was to be made for replacing material or for any operations previously performed by other groups or individual operators. This more liberal policy resulted in a temporary improvement, but the problem of defective work remained a source of annoyance and expense.

The works manager, then, instituted monthly meetings with division superintendents and staff members to discuss the problem

¹ The expression was derived from the defective workmanship and general scrap account, which was numbered 545.

of excessive 45 charges. Out of these meetings came many suggestions for attacking this difficulty. One remedy tried was the introduction of an inspection department. A chief inspector was added to the staff. He developed an efficient personnel and in different ways improved the status of inspectors and testers. The chief inspector also started an intensive educational campaign. In every department, Bogie Posters were displayed showing the monthly percentage for the plant. It was difficult to estimate the influence of such publicity. Several union representatives expressed the opinion that the workers paid practically no attention to posters of this type. The statistical information was too remote from their everyday experience. If they did notice the high monthly percentages of scrap they took the stand that it was up to the inspectors and testers to reduce such losses. This may have been one reason why the chief inspector's campaign had no permanent effect. After a slight decrease, the defective charges increased again. It appeared that unless something effective could be done, the average percentage for 1937 would be higher than it was in 1936. The chief inspector urged that some means should be found to enlist the cooperation of the men at the bench. Not only inspectors and testers, but every worker in the plant needed to be educated as to the significance of the 45 account.

It was decided to attack the scrap question as an industrial relations problem and to solicit the cooperation of the union. The president and the business agent of the union were at first inclined to be suspicious of this program. They feared that union representatives would be expected to act as spies; that employees who were responsible for defective work would be discharged; and that foremen would resent union participation in what, after all, was a management problem. On the other hand, they could also see the advantages to the union in such cooperation. It offered an excellent opportunity to show how a responsible union could help management to attack a difficult plant problem. Secondly, such cooperation would have the distinct advantage of acquainting union representatives and workers with management policies. After several meetings with the industrial relations supervisor, the union leaders promised their support.

During the planning of the campaign, it was brought out that Mr. Wellman, superintendent of the motored appliance division,

had been able to keep his scrap account at a consistently low level for over a year. It was found that he had been conducting weekly foremen's meetings to discuss the scrap problem. Union representatives in his division had also attended these meetings. The industrial relations supervisor was convinced that the cooperation between union and management had been a significant factor in Mr. Wellman's success.

Two of Wellman's union representatives, Messrs. Black and Moore, were selected by management to cooperate with the works manager and the supervisor of industrial relations as members of the planning committee. It was decided to start the publicity of the campaign with posters of a mystery nature in order to arouse interest. The first poster placed throughout the plant was a huge question mark. This was followed by a poster with the statement: "U Should Be Interested." Each time a poster appeared, the union paper displayed the same message on every one of its pages. Incidentally, all advertising space in the union paper was contributed by the union. Posters were changed once a week and every effort was made to emphasize the part played by the union in this campaign. For instance, one poster put the question: "What is the 45 Charge?" and urged each employee to "See your Representative."

September 20, 1937, was set as the opening date of the scrap campaign. On this day, several meetings were held with superintendents, foremen, and representatives of the different shifts. At these meetings the works manager made the keynote speech in order to personalize the crusade against scrap as the "Manager's campaign." Both union representative Black and union representative Moore addressed the groups and told of their experience in cooperating with Mr. Wellman in building up a scrap-minded department.

The following is a transcript of Mr. Black's remarks:

Ladies and Gentlemen:

Mr. Avery (supervisor of industrial relations) has me listed to talk on "How to Handle Scrap," and I think Jim greatly overestimates my ability, so what I am going to attempt this afternoon is to talk on "How We Tried to Eliminate Scrap in Our Department."

Mr. Wellman (division superintendent) and Mr. Haynes (foreman of inspection) must be ardent students of Mark Twain for they likened the scrap problem to Mr. Clemens' comments on the weather. He

said, "Everybody complained about it but nobody ever did anything about it."

However, these gentlemen thought that something could be done about the scrap problem, and they called a meeting, about eight months ago, of the floor foremen, group leaders, and union representatives. I may say we all went to this meeting shaking in our shoes, wondering why we had been called on the carpet.

At our first meeting, Mr. Wellman and Mr. Haynes gave us some astounding figures on scrap that made us all sit up and take notice. About this time our 45 charge on scrap was approximately \$2,500 a month and at our last meeting on Wednesday, the fifteenth, through the united efforts of everybody in the department, we had brought this down to \$700 a month. This last week the figure was \$65.95. Now, gentlemen, you will realize this was not done without a lot of hard work and cooperation. I would at this time stress the word "cooperation" as this was not a one-man job, and any one individual who attempts it is doomed to failure.

At this time I want to give you my reaction after our first meeting. I was under the impression that we were to act as policemen and report anyone turning out scrap, and they in turn were to be fired. As a union representative, I felt I could not and would not be a party to such a setup. I brought this matter up at our next meeting, and Mr. Wellman assured me that this was not the case, and I can assure you, gentlemen, that not a single individual has been laid off in our department for spoiling work.

In fact, at one time, the division superintendent had to protect one of the workmen against his outraged fellow workers. The worker had spoiled \$120 worth of work through inattention and carelessness. Committee members were insistent that he should be fired. The division superintendent, however, did not want to risk losing the confidence of his force. He told the committee: "The man deserves to be fired, but I have made a promise, and I am going to keep it. No one is going to be fired for spoiled work. We can succeed only by getting everybody's cooperation."

Our first major problem was to gain the confidence of the men and women in the department, a great many of whom thought as I did, and it took us some time and a whole lot of talking to convince them that they should be just as much interested in keeping down the 45, as it affected their earnings just as much as ours.

Today I am glad to say we have a scrap-minded department. We have a long way to go yet, but I feel assured we are headed in the right direction.

I am sure you gentlemen will be interested to hear just how we handle our various problems.

When a particular item of scrap is brought to our attention, the parties directly concerned are called into our meeting and the general layout of the job is discussed from all angles. Should this particular problem be one of machining, there are various conditions that can be

blamed for not turning out good work, such as a jig or fixture being out of line; insufficient instruction to the operator (this refers more or less to new help); and also we have the problem of old and worn machines.

We had one such case in our machining department—an old hand-turret lathe. This machine had passed its era of usefulness, and no one could get a perfect piece of work from it. I am talking of one of those machines you had to set up after each piece of work. This matter was brought to the attention of the foreman, and I am glad to say the condition has been corrected, and we now have a new machine.

Then, we have another contributing factor in the making of scrap and this, to my mind, is a very important one. In many cases the time studies are made so close that the operator has to work at such a pace to even make standard time that he or she cannot exercise the proper amount of care to insure a perfect product. I am convinced more cooperation on the part of the time-study department and a more sympathetic understanding of this problem will help considerably.

Then we had the fellow who is just naturally not so careful as he might be. We all have met him. He just slides through life as easily as he can, letting the other fellow do the worrying. You will notice I used the past tense, because we have, through education, more or less overcome this problem.

We had one particular case brought to our attention concerning fields coming in from the winding section to the assembly section. A great many of these fields were shorted and as these fields cost approximately \$1.85 each, it was imperative that we give this matter our immediate attention. Again the interested parties were called in. This was a problem of handling and containers, and I am glad to say has been successfully overcome.

In conclusion I come to our biggest and costliest item on 45. That is work coming from the various feeder departments. In many cases we don't discover the defective part until we have the finished article completely assembled. Very often it is a small screw or clip costing the production department a few cents, but our labor cost in tearing down, replacing the defective parts, and rebuilding is very high. This is a very important issue.

I am firmly convinced that to overcome this problem, which is one of the biggest confronting industry today, we must have more interdepartment and more plant cooperation. In other words, every man and woman employed by the National Manufacturing Company must become scrap-minded.

Mr. Black's colleague, Representative Moore, talked as follows:

Chairman, ladies and gentlemen:

I will tell you in my own way what we are trying to do in our department. In the first place, I do not want you to get the illusion that we have performed miracles, because we haven't, but we have

taken the matter of scrap in a serious way. After having a meeting on this subject, we found that it was a matter of education; that we had to educate the operators. We had to go out and teach the employees the seriousness of this scrap, of what it costs when we have had previous operations on an item. If you get them to understand that and then go after it in a good legitimate way, and if we find out anything that is puzzling to us, we invite them in, or the group leader, and speaking of the group leader, we have placed the responsibility of scrap on him, and he consequently takes an interest in this subject and goes out and brings back a report on the different situations. We don't put the fear of God in a man concerning his job because he made scrap, but if you can educate a man to the seriousness of scrap and get him scrap-minded, we can do something. We cannot eliminate this question of scrap, but we can help it. We had a case of a man on the floor and found that we weren't handling material right. We took this up with the general foreman and have had some containers made to handle this material. We have licked one or two problems up there that we can feel proud of, for no other reason that every time we sat down for a meeting, the same thing came up. We called in the operators and told them what it was costing us and that something was wrong. The operator is not necessarily careless, but he probably has a close job and tries to rush it and doesn't stop to realize what the cost of scrap will amount to if he has put operations on the product. We assured the operator that we weren't trying to humiliate him before his group or anything of that kind, and we had a heart-to-heart talk with him. He consequently is a better man in the department than he was before because he stopped long enough to realize the seriousness of the value tied up in the job. We have called in the cooperation of the inspection department and they have given us figures of the cost. When we get material in our department and feel it is not right, we have instructed the operator not to use the material until the floor inspector looks it over, and if it is not as it should be we turn it back to the department from which it came. This saves us and other departments. We have one bone of contention. We get a piece of apparatus, say a rotor or something in that respect. We find out it can be made for five cents in our department, but you get it in the apparatus upstairs and it cost about \$1.20 to tear it down. That is wasting money and we are trying to educate the people along this line. We want to be fair with the operators and give them every opportunity to do their work. He is capable of doing it, but there may be something wrong with the operations or with the machine. If that is so, we take it up with the foreman in the department and get his cooperation. We even shut the machine right down, which you may feel is pulling some pretty raw stuff, but we do this for the reason that we want it right before we start up, which gives the operator a chance to turn out better work.

What we have tried to do in our department has been done not by one man or three men but with a committee of twenty men, which includes group leaders, some inspectors, some production men, and

operators. When we get together in a meeting with those that may be implicated with scrap for that week we call a spade a spade. But we do nothing at all that would in any way injure an operator with his foreman or group leader. We want to keep harmony with each group leader, and the operators are not hung or humiliated or bawled out because they had the misfortune to make scrap. We are scrap-minded in our department. We have simply taken the things as we find them and tried to show the ones involved our reasons for feeling as we do and try to get their cooperation. We think we can do better than we have done.

The next day, Sept. 21, the foremen of the various departments each held his own meeting in order to set up departmental scrap committees. Each committee was composed of a foreman and a union representative and key men from inspection, production, and time study. There were three types of committee control. In the motored appliance and the maintenance departments, the foreman acted as committee chairman; in the air conditioning department, the superintendent assumed this function; while in the refrigeration departments as well as in the feeder sections, union representatives acted as committee chairmen.

At first, there were other differences in organization and procedure. In order to eliminate these and to coordinate the work of the different committees, a general plant committee was formed to meet once a month in order to discuss problems of general interest. These meetings were attended by superintendents, foremen, union representatives, and the supervisor of industrial relations. At one of these meetings (Oct. 14, 1937) the following procedure was adopted for the administration of all department meetings. The procedure was initiated and developed by Representative Black.

PROCEDURE TO BE FOLLOWED IN DEPARTMENTAL SCRAP MEETINGS

At the meeting of the general committee held October 14, 1937, it was unanimously decided that a uniform policy be formulated for carrying on departmental meetings.

Your committee has adopted the following schedule, which we trust will aid you in carrying on your program in a uniform manner.

It is essential that the schedule be strictly adhered to and all meetings start on time. It is also very important that each chairman appoint a secretary and a record of the proceedings be kept and read at the next meeting.

The order of the business to be followed by all chairmen is as follows:

1. Opening of the meeting.
2. Roll call of members.
3. Minutes of last meeting (read and approved).
4. Report of the sub-committees.
5. Unfinished business.
6. New business.
7. Instructions to sub-committees.
8. Remarks.
9. Adjourn.

In accordance with a suggestion by the works manager, Representatives Black and Moore were called upon by other department committees to help in organizing their weekly scrap meetings. Management released these two union representatives from other duties, and for several weeks, Black and Moore did nothing but cooperate with different departmental committees. An instance of their activity appears in the minutes of a meeting held Oct. 26, in G-50.

Meeting called to order 3 P.M. by Mr. Stowell, General Chairman.

All groups represented along with Production Department, Inspection, Die Repair, with Messrs Black and Moore present as interested observers of our procedure.

After checking with various group leaders, Mr. Stowell suggested that we hear from Mr. Black and Mr. Moore with respect to their views on our procedure or any constructive criticism they might wish to offer.

Mr. Black gave us many helpful suggestions in curtailing our "45" charges:

1. Group Leaders gaining confidence of operators.
2. Hurried orders being 100% perfect regardless of production pressure.
3. Making certain of tool equipment.
4. Not to forget this was purely an educational campaign, and lastly;
5. Being sure of ourselves.

Mr. Moore followed with a very instructive talk on "45" charges, stating that the charges had been allowed to build up in previous years with very little effort expended to remove such, outside of talking about them.

The activity of Black and Moore was an important factor in coordinating the campaign and was appreciated by management and various committee members. However, it also aroused criticism among the employees. Rumors were started that these

men had become "management men"; that they were trying to make a white-collar job for themselves; and that now being "all dressed up, they had forgotten what it felt like to work at the bench." For a while it seemed as if these rumors might disrupt the campaign. Management met this difficulty by bringing other union representatives into prominence.

Throughout the campaign, the supervisor of industrial relations or his representative attended the various scrap meetings and analyzed the minutes. Many incidents called for the moderating influence of men versed in personnel relations. For example, during the scrap meeting where current defective apparatus was exhibited to the committee and subjected to a painstaking analysis, it often happened that employees responsible for scrap were brought from the bench into the committee room. Great care had to be exercised at times to preserve the calm of judicial inquiry and prevent a meeting from degenerating into an inquisition. In other instances, secretaries in reporting the business transacted during the meeting, cited workers by name. If a man had been found responsible for making scrap, this was a dangerous practice and had to be discontinued. The temper of most meetings, however, was excellent and did much to convince the workers that the scrap campaign was really an adventure in education.

Another difficult feature of the scrap campaign was that foremen frequently were put on the spot. Group leaders and union representatives at times delighted in "showing up the foreman" by pointing out that some time ago he had been advised of a certain defect and its cause, but that weeks had been allowed to pass without any action being taken.

But these difficulties, in the eyes of management, were more than counterbalanced by the practical results of the campaign. Every department experienced a lowering of the 45 charge. This gain is graphically illustrated by the charts on pp. 265 and 266.

Chart XVII shows the total 45 charge for the local plant expressed in dollars by months. The dotted lines show average values for the full year 1937 and for the first four months of 1938. *The general downward trend is to some extent affected by a decrease in productive activity.*

The columns show the average monthly charge for each division and thus give an indication of the distribution of these expenses

by products. *The general downward trend is to some extent affected by a decrease in productive activity.*

Chart XIX shows the same information as that given in Chart XVII, except that it is expressed in percentage of productive

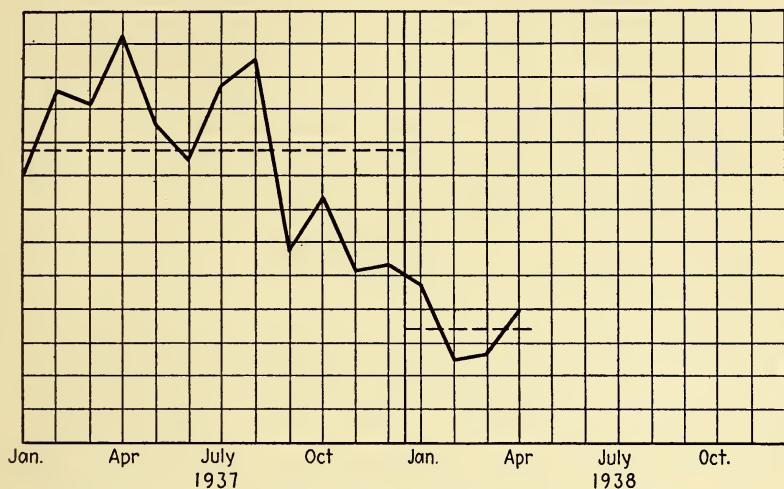


CHART XVII.—Local plant's 45 charge by months, expressed in dollars.

labor cleared in cost. This eliminates the effect of volume reduction and presents a picture of actual performance.

The columns show the average monthly percentages by divisions. In both Charts XVII and XIX there is a general downward

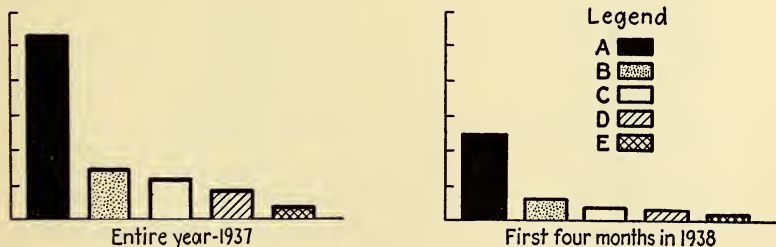


CHART XVIII.—Divisional monthly averages of local plant's 45 charge expressed in dollars.

trend observable, and it can be seen from the dotted lines which show averages that, for the first four months of 1938, the percentage is a little more than 2 per cent lower than for 1937.

Every department in the plant became thoroughly scrap conscious and cooperated in improving the quality of the product and in reducing waste. The following letter sent out by the industrial

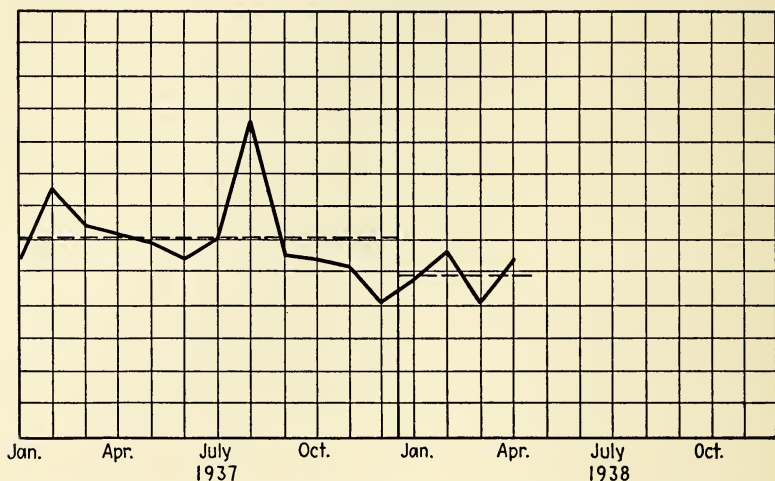


CHART XIX.—Local plant's 45 charge in per cent of productive labor cleared in cost.

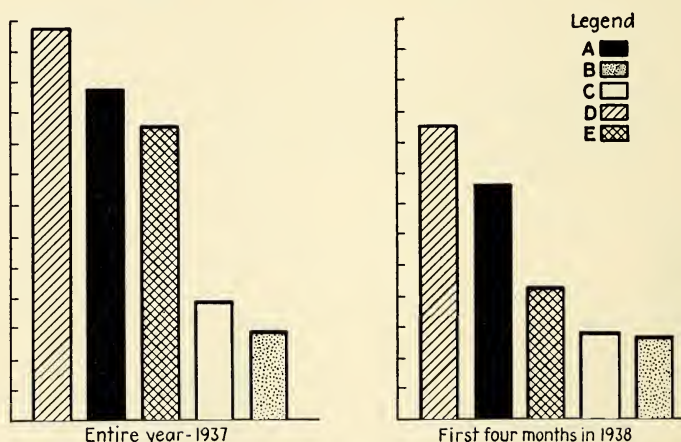


CHART XX.—Divisional cumulative percentages of plant's 45 charge, in per cent of productive labor cleared in cost.

relations department calls attention to one example of such cooperation:

December 3, 1937

Superintendents, Foremen
and Chairmen of "45" Committees:

The "45" Campaign Committee of the Power House has called to our attention, by way of reports, at various times since the "45" campaign got under way, many instances of windows being left open at the close of the shift. In some cases, the rain has blown in through the open windows and considerable damage has been done to finished products due to rust.

The report of the Power House this week listed approximately one hundred and forty-five windows that had been left open. Not only is the product damaged in this respect, but a severe loss of heat occurs which naturally reflects seriously in our efforts to cut down waste.

Other instances which have been brought to our attention are truckmen leaving the doors open after passing through rather than closing them as they should.

Another item is air and steam leaks. These should be reported to the foreman of the department immediately so that proper repairs may be made with all possible haste.

It is my opinion that various "45" Committees throughout the Plant can aid materially in correcting these conditions and we respectfully ask that you read this letter in your meeting and, if necessary, appoint a sub-committee to check into the situation in your various departments toward eliminating this particular phase of the waste which is of great importance to our campaign.

We trust that when we next have a report from the "45" Committee of the Power House, open windows, open doors, steam and air leaks will show a material decrease. Needless to say, we anticipate your cooperation.

Approved by:

General Committee
(s) ENDICOTT

Approved by:
J. Avery

This appeal resulted in a 75 per cent improvement of the conditions stated.

Even more important than the benefits that could be stated in dollars and cents, were the intangible benefits derived from the educational and informal aspects of the scrap meetings. The minutes give an account of the business transacted at the meetings but do not tell the whole story. Committee members had repeated opportunities to exchange opinions on topics other than scrap problems and to talk about other management policies. For

instance, at the end of one second-shift meeting, a committee member called attention to the company's training program for group leaders. He wondered what was being done for second-shift men. There were 12 to 15 group leaders on the second shift who would have liked to attend an evening course but could not do so because the hour of meeting conflicted with their second-shift duties. In the ensuing discussion, a committee of six was appointed to interview the foreman and the supervisor of industrial relations. The result of these interviews was that arrangements were made to permit these men to attend the evening class.

The question of "outside work" came up frequently at the 45 meetings and afforded excellent opportunities to demonstrate the part played by defective workmanship and waste in increasing factory cost. If the discrepancy between inside and outside cost was too great, management sent the work outside. Such work could be kept in the plant only by cutting down waste and excessive 45 charges. As workers understood this, they cooperated heartily in an attempt to reduce waste, and in this way many items were brought back into the plant.

CASE 41. THE STEVENSON CASE

(Union-management Cooperation in bringing back work that had been sent outside.)

Characters:

MR. STEVENSON, union representative for the punch-press department.

MR. AVERY, supervisor, industrial relations.

MR. CAMERON, president of the union.

MR. RANKEILLOR, division superintendent.

MR. SMITH, cost clerk.

MR. ULRICH, time-study man for the punch-press department.

MR. ABBOTT, works manager.

On May 4, 1937, Mr. Stevenson, union representative for the punch press department, came into the industrial relations supervisor's office and said he wanted to talk about conditions in the stamping section. Mark Cameron, president of the union, happened to be in the office, and the industrial relations supervisor decided to discuss the matter immediately.

STEVENSON: It's a damn shame that we have to lay off people in our punch shop when we're buying so much material outside that should be made here. Can't we do something about it?

AVERY: What d'you suggest we do, Joe?

STEVENSON: It seems to me we ought to be given a chance to go over the items that are now being bought outside to see if we can't bring them back in.

AVERY: I think that's a good idea. Let's start right now. I might begin by saying that there are probably two reasons for buying material outside:

Three months ago, we were so busy that we did not have capacity to make all the parts we needed and so had to buy some of the material outside in order to meet our schedules. This was done purely on the basis of production need and regardless of cost in some instances. It might be a good idea, therefore, to review the items in this class in order to see if we can't bring some of this work back right away.

The second situation is more difficult. We are able to buy some of the parts cheaper on the outside than we could possibly make them here under existing conditions. There are various reasons for this. In some cases the production setup of the outside supplier is better adapted on a particular part than ours. In other cases, labor costs may be the deciding factor. Items in this class are harder to bring back.

STEVENSON: Well, it certainly burns me up to look at my department out there and see what a skeleton it is. We haven't got one third of our total working force out there. I was just going over some of the items with our rate setter and I'm sure we could make some of this stuff cheaper if we were given a chance.

CAMERON: Now wait a minute, Joe, we're not going to stand for any cutting of rates. I don't believe the department is as bad off as you say.

STEVENSON: Do you know what you are talking about or are you kidding? You'd better get out there and look at the place. It's like a skeleton.

CAMERON: Well, I just want to make sure that we understand each other. I'm not going to sit here and agree to cut rates, either in time study or otherwise.

STEVENSON: Well you know damn well these fellows are making damn good money out there, 160 and 170 per cent. If we could get back to a reasonable 140 per cent we could meet some of this outside competition and keep more of our people on the job.

CAMERON: Well, you know why these other concerns can make it cheaper than we can. They're not unionized and they're paying starvation wages.

STEVENSON: In the meantime our boys have to take the rap.

AVERY: I think we can work out something that won't do any of us any harm and we shall probably get a good education by going over some of these problems.

(to Mr. Stevenson) Supposing you do this, Joe, get hold of one of these items we're buying on the outside and then let us see what the problem is.

STEVENSON: I have one right here, the slicer-housing job, part No. 840503. This job used to be made here and is now being placed outside. And let me tell you, it is a damn good item, about 300,000 pieces a year.

AVERY: Well, I suggest we meet this afternoon at two o'clock. This will give me a chance to get the other interested parties here.

In the meantime, Mr. Avery checked up with the purchasing department on the outside cost of the item mentioned, which was \$100 per thousand or 10 cents a piece. He also inquired at the cost department and found that the factory cost was \$140.80 per thousand or \$0.1408 per piece. He then invited Mr. Rankeillor, the division superintendent, and Mr. Smith, the cost clerk, to attend the meeting.

At two o'clock the same day, Rankeillor, Avery, Smith, Cameron, and Stevenson met in the office of the industrial relations supervisor.

AVERY: Mr. Rankeillor, I called this meeting to discuss an item which is now being placed outside but which our boys feel should be made here in the plant.

RANKEILLOR: I think this is a mighty good thing, and I hope we can continue the practice. Nobody hates to see work go outside more than I do. This practice plays the devil with our productive labor force. But we must remember, both in selling and manufacturing our product, we have to meet competition.

AVERY: The item under discussion here is the slicer-housing which, I understand, is purchased from an outside supplier at a little more than four cents under ours.

STEVENSON: Does this price include shipping, packing, and freight from the supplier to our plant?

SMITH: Yes. I have all the details on this item here and will be glad to go over them with you. The big saving is in labor cost. We can't possibly make this part here at such a price under our present setup and at the percentages we're paying.

STEVENSON: I wonder if we could get the time-study man over here?

AVERY: I'll find out.

Avery called Mr. Ulrich, time-study man for the punch-press department, on the phone. Mr. Ulrich promised to bring the time study of the job under discussion. On joining the conference, Mr. Ulrich was informed as to the purpose of the meeting and asked to discuss the slicer-housing time study. After discussing the method of making a time study, he said:

ULRICH: I think this was a poor time study in the first place. My understanding was that the operators on which this study was made were sour on the job. As a result an improper time study was made. There's no justification for paying 160 or 170 per cent on this job when the average punch-press job is around 140 per cent.

AVERY: In other words, your belief is that these fellows are now suffering for having been able to get away with a loose time study. If the time study had been more accurate we should not have had to place this work outside? Is that what you mean?

ULRICH: Correct.

STEVENSON: Well, I've been in this department all my life and I know press work. I also know that the time values on several of these operations are too high. I, for one, am willing to go out and talk to the operators on this job. I think we can meet this price or even better it. Will you bring the job in again if we do?

AVERY: What do you say, Mr. Rankeillor?

RANKEILLOR: We certainly will if you come anywhere near it. Furthermore, I think that with cooperation on the part of the fellows it can be done.

CAMERON: Only be damn sure, Stevenson, that this is in agreement with all the people out there, not just a few. I think you ought to get all the fellows together over at the Union Hall and talk about it before you agree to anything.

STEVENSON: I may do that. Primarily I am interested in seeing that we get work to do out there and that doesn't mean that I need to get work for myself, because I have been there ten years. I'm sure that I can stay.

AVERY: Well, the only thing I can say, fellows, is that whatever you are going to do, do it quickly, because I have asked the purchasing department to hold up an order that they are ready to place with the supplier for the next production run.

STEVENSON: O.K. I'll give you my answer tomorrow. I am interested in this thing as the representative of my people. I feel I owe it to them.

Stevenson talked to the workers in the punch shop and persuaded them to have another time study made on the slicer-housing job. This was done, and the factory cost was brought down to \$114.40 per thousand or \$0.1144 per piece. The reduc-

TIME STUDY I
COST OF MANUFACTURING SLICER MOTOR HOUSING, STYLE 840503-A

Operation No.	Manufacturing operation	Section	Group No.	Standard setup	Time run. time	Inspector's signature
1	Blank	162	408	1.02	0.000678	0.0023
2	Tallow	169	304	....	0.000698	0.0014
3	1st draw	160	413	0.85	0.003	0.0062
4	2nd draw	160	413	0.85	0.003	0.0062
5	3rd draw	164	400	1.00	0.0024	0.0087
6	4th draw	160	413	0.85	0.0025	0.0052
7	5th draw	160	413	0.85	0.0025	0.0052
8	6th draw	160	413	0.85	0.0025	0.0052
9	Pierce	160	413	0.55	0.0025	0.0052
10	Wash	150	309	....	0.00087	0.0012
11	Anneal	130	312	....	0.004	0.0078
12	Pickle	150	312	....	0.003	0.0041
13	Size	164	309	....	0.0027	0.0098
14	Wash	150	400	1.25	0.00087	0.0012
15	Bump	160	309	....	0.0021	0.0044
16	Trim	160	414	0.50	0.0029	0.0060
17	Counter Bore	165	413	0.85	0.012	0.0186
18	Wash	150	411	....	0.00087	0.0012
19	Pickle Rust Proof	150	309	....	0.0042	0.0058
20	Wash	70	309	....	E 0.0013	0.0018

Material Price: 0.04 Scrap Credit: 0.0008

Material Cost: 0.0333

Labor and Overhead Cost: 0.1075

Factory Cost: 0.1408

tion was accomplished by means of eliminating certain operations and combining others. In some instances also, the running time of an operation was shortened from 0.0025 to 0.0022 per piece.

A comparison of the two time studies will show all the details involved.

TIME STUDY 2
COST OF MANUFACTURING SLICER MOTOR HOUSING, STYLE 840503-B

Operation No.	Manufacturing operation	Section	Group No.	Standard setup	Time run. time	Inspector's signature
1	Blank	162	408	1.02	0.000678	0.0023
2	Tallow	169	304	0.10	0.000698	0.0014
3	1st draw	160	413	0.85	0.0037	0.0077
4	2nd draw	164	400	1.00	0.0024	0.0087
5	3rd draw	160	413	0.85	0.0022	0.0046
6	4th draw	160	413	0.85	0.0022	0.0046
7	5th draw	160	413	0.85	0.0022	0.0046
8	Pierce	160	413	0.85	0.0022	0.0046
9	Wash	150	309	...	0.00087	0.0012
10	Anneal	130	312	...	0.00198	0.0038
11	Pickle	150	...	....	0.003	0.0044
12	Size & Bump	164	...	....	0.00397	0.0143
13	Wash	150	...	....	0.00087	0.0013
14	Trim	160	...	....	0.0029	0.0060
15	Counter Bore	165	...	....	0.0065	0.0101
16	De-rust and Rust proof	150	...	....	0.00123	0.0017

Material Price: 0.04 Scrap Credit: 0.0008

Material Cost: 0.0333

Labor and Overhead Cost: 0.0811

Factory Cost: 0.1144 (reduced rate: 0.0264)

Interview with Mr. Stevenson in the punch press department (June 12, 1937).

INTERVIEWER: Mr. Stevenson, would you mind telling me how the slicer-housing job was brought back into the department?

STEVENSON: Not at all. (Walks over to the section where the housings were undergoing drawing operations, picks a finished piece out of the truck, and displays the part.) These housings were originally made by the National Manufacturing Company at a cost of 14 cents each. Management thought that this was too expensive and gave the job to an outside manufacturer, who was able to make the housings four cents cheaper. We retimed the job and the engineers made a few changes. We're now making the housings again in DaCoste's and Anderson's groups for approximately 11 cents a piece.

INTERVIEWER: Whose idea was it to bring the work back?

STEVENSON: I'm not so sure whose idea it was. Harry Ulrich, the time-study man, Mr. Rankeillor, superintendent of the feeder section, and myself were involved. You understand, at no time did we quote each other but we were all working together. I had nothing to gain for myself but consider that it is a part of my job as union representative to see that the fellows here have lots of work. You understand, of course, that many union representatives don't take this stand, and I have to use quite a lot of discretion, for, if this sort of thing got around to all the employees they would say that I am trying to sell out to management. On the other hand, my men are satisfied.

INTERVIEWER: How did you get the idea across?

STEVENSON: I first talked to the group leaders individually. Then I talked with the operators in the different groups. Mr. Cameron thought I ought to take the bunch over to the Union Hall, but it was more convenient to talk to them right here on the job. After I had convinced the men that a new time study should be made so that we could keep the work in the plant, I talked the matter over with Mr. Rankeillor. He suggested that a time-study man should come right away and make a new study. It was agreed, however, that he would send a time-study man who got on with the group. There are three time-study men in the department, but unless you send the right man you do more harm than good. I can tell you if Mr. Rankeillor had sent a certain man the operators would work toward a higher rate rather than consider a reduction. But the right man went in, and a satisfactory restudy was made. The groups cooperated because they realized that the benefit was mutual.

INTERVIEWER: Are you contemplating making similar restudies on any other job?

STEVENSON: Yes, we have one of them right here, the brass cooler shells. At present they're costing us about \$3 a piece. In the plating room the men are getting about 90 cents for each job and are making as high as 165 per cent. I talked to the group leader on the job and told him that once the works manager finds he can get the cooler shells from outside suppliers for \$1 less, our men will lose the work. The group leader knows that this is one of their big-paying jobs, and that it will make a hell of a hole in their earnings if they were to lose it. He asked me whether a 20 per cent reduction would keep the job in the plant. Naturally, I couldn't promise, but I told him that I would take the matter up with Mr. Rankeillor. We're working on this job now.

At the next meeting of union and management representatives, held June 22, 1937, Mr. Cameron brought up for discussion the question of sending out jobs.

CAMERON: The most important subject is that of sending out of jobs.

We find that the punch shop, screw machine department, and others, are sending out jobs to outside suppliers who can do it cheaper. We feel that there is absolutely no use getting a raise in wages if the jobs are sent somewhere else. It doesn't mean anything if you aren't working. We want to stop the work from going out. We want to know what we can do—what our procedure is. All we know is that every day or every week another job gets sent outside.

ABBOTT: What you can do is to help us get the cost of those items down to a figure such that we can afford to keep the work inside our plant. I might say that it is to the advantage of your local management, as well as to every employee, to keep as much work within our plant as possible. From the employees' standpoint it means more work, and from management's viewpoint it means we have more expense money on which to operate because of higher productive labor.

We cannot, however, disregard the economic facts of our business. Competition sets the selling price, and a way must be found to produce our products at a cost which will permit us to meet the market prices. If our wages and salaries have been increased, it naturally follows that we must find a means of producing our product in less time so as to effect a lower cost; otherwise, we shall be forced to increase the selling price and lose volume in that manner.

Faced with these conditions, there is no alternative but to secure the various items or subassemblies which enter our product at the lowest cost consistent with quality. If we cannot produce any particular item in our own plant at the same or approximately the same cost at which it can be bought outside, then there is only one obvious answer, we must buy the item outside.

I do agree with you that on many of these items, if we were to take our coats off and go to work together, we could effect a very substantial cost reduction.

CAMERON: We would like to have a setup whereby we could know when management was considering taking any job outside the plant. We are willing to cooperate on these jobs, but if we don't know until the job disappears, we cannot do anything because it is then too late.

There was a long discussion on this subject. Mr. Abbott cited specific examples showing local factory cost and the cost outside, with the result that the representatives asked for an opportunity to review some of these items with the representative of the department affected, the group leader and possibly some of the employees as well as the time-study men. It was believed that in this way methods might be suggested that would bring down excessive factory costs and permit the work to remain in

the plant, thus increasing hours of employment. Mr. Abbott agreed to having his organization enter wholeheartedly into such a program with the shop people and asked the industrial relations supervisor to head up such a program.

The industrial relations supervisor developed the following plan: The supervisor of production planning (whose duty it was to schedule work throughout the plant, that is, place orders for work to be done in the plant or purchased outside), was to submit to the industrial relations department a list of the items that were to be sent outside. The following information was to be supplied:

Name of part.

Style number.

Department in which the item was made.

Inside cost.

Outside price.

The industrial relations department was then to notify the union president and arrange a meeting with the department representative, the departmental foreman, and the time-study men in order to discuss all further details with reference to the item about to be purchased outside.

On Friday, July 2, 1937, the following signed article was prominently displayed in the upper left-hand corner of the front page of the official news organ of the union local.

LOOKING FORWARD

During the last few months it has been apparent to me that we will have to face the problem of how to deal with those jobs that are being sent outside because other plants are doing them cheaper. At the last Negotiation Meeting with Management, it was agreed that we would be consulted before these jobs are sent out, not after they are gone. Arrangements are being made whereby the representatives in the departments where those particular jobs are located will be called into conference for their suggestions.

I urge every representative to keep in close touch with his department and to submit any information about such jobs which he or she thinks will be helpful. Of course, the real answer to the problem is to get all those competing plants organized. Until this is accomplished, we will always have this problem confronting us. In the meantime, don't let us take a "do nothing" attitude. It is the problem of the whole organization and your officers need the cooperation of all representatives and members to solve it.

(s) MARK CAMERON, President.

SECTION XVI

PERSONALITY PROBLEMS

CASE 42. THE CASE OF ARISTIDE COTÉ

(Personal preoccupations of a toolmaker at the National Manufacturing Company, Inc., Plant No. 10.)

Characters:

MR. GORDON, toolroom foreman.

MR. COTÉ, former toolmaker, now tool repairman.

MR. AVERY, supervisor, industrial relations.

MR. WELLMAN, union representative.

Mr. Aristide Coté was employed at the National Manufacturing Company as a toolmaker. He was considered an able mechanic, but because of his suspicious attitude it was difficult to secure his cooperation. In private conversation with Mr. Kendrick, the employment manager, Mr. Coté hinted that he had many suggestions for improving existing routines and work habits. The employment manager was impressed with the practicability of some of the suggested improvements and urged Mr. Coté to submit his plans to management through official channels. But Mr. Coté was unwilling to avail himself of this procedure for fear of antagonizing his foreman and his fellow workers.

Mr. Coté's employment record and subsequent interviews with him revealed the following situation:

He was born on May 30, 1900 in Paris, France, and had been working for many years as a diemaker. He was employed by many different firms and always did satisfactory work. But, in each case, after two or three years of employment, he would move to another town. His last position before coming to Highland was with a New York firm that manufactured automatic machines. There he had been a foreman and had been considered a specialist in making dies for automatic machines. He had constantly boasted of his abilities and also had been extremely critical of fellow workers and superiors. Finally he was obliged to leave on account of the friction engendered.

On Aug. 20, 1936, Mr. Coté moved his family to Highland and found employment with the National Manufacturing Company. According to his statement, his two children were in delicate health, and he had left New York because he thought the climate in another place would be better for them. He said that, for the sake of his children's health, he was very anxious to settle in his new location.

On his new job he was extremely sensitive and quick to take offense. Once he was reprimanded for day-dreaming and idly watching an automatic press when he should have been at work. The accusation offended him deeply, and he asserted that he had merely watched intently the operation of the press in order to locate some particular defect. In telling of this incident he became excited and voluble: "How can you study what is wrong with a machine without sitting down and carefully watching what is going on?"

As time went on, he became very apprehensive and felt that he was constantly being watched. An interviewer who had talked with Mr. Coté in the shop, reported the following incident:

In the midst of their conversation, Mr. Coté glanced furtively around and suddenly announced that everyone had been watching them for some time. As a matter of fact the interviewer, who was already familiar with Mr. Coté's suspicious attitude, had kept the other employees in mind. He had noticed, somewhat to his surprise, that others in the shop paid little or no attention to them.

Mr. Coté defended his unwillingness to cooperate with his superiors by saying: "You must be careful not to be too smart. They don't like it and think you are after their jobs. It is their business to see that processes are improved, and if I should make a suggestion they would think I was finding fault with their work."

In order to stimulate Mr. Coté's interest, the safety engineer, who also administered the company's suggestion system, invited Mr. Coté to his office and offered secretarial facilities so that he could submit his suggestions according to the prescribed routine.

On Nov. 11, 1936, Mr. Coté took advantage of this offer and dictated several suggestions, which were then forwarded in the routine manner. The suggestions were as follows:

Suggestion 10002—Use rolls of steel and brass for punching out small terminals.

Reason: To start with, it would be a tremendous saving for it would avoid the shearing automatically; and it would give us much better service for our standard measurements on width. Not only that, it can produce an average of between 100 to 125 per minute with just as much accuracy and without the work of an operator.

Suggestion 10003—Send last piece run off with each die sent for repair.

Reason: It is very easy for the die maker to determine what is wrong with the die if he can closely examine the sample. It might be drawing too deep or too low or not bending at right angles. It saves to start with, a setup by the die maker.

Suggestion 10004—Shut off all motors and lights of machines while not in operation (feeder section).

Reason: It not only saves the life of the machine considerably, but also saves the time of a man running around the shop to find out who is operating the machine.

Suggestion 10005—Equip all blanking and piercing dies with bushings and inserts.

Reason: At the present we have several dies without the said bushings with the result that when there is a misfeed and a punch goes out of line the next time it comes down into the die it will eventually break, or shear the die $\frac{1}{32}$ or $\frac{1}{16}$, which means grinding it down until we reach cutting surface. On the contrary, with the bushings it would save that $\frac{1}{16}$ and the die would not have to be disturbed. Time to make that bushing would perhaps be 30 minutes or less.

Suggestion 10006—Equip all milling machines with keys and bolts.

Reason: At present, we have to take our milling machine bolts out on check. Sometimes, there is quite a crowd at the tool crib, resulting in a tremendous amount of time lost.

These suggestions were considered in the routine manner. The following gives the date and nature of the dispositions:

Suggestion 10002—Rejected 2/24/37.

Reason: This suggestion is not original. It has been proposed a number of times and is used whenever advisable. This method is made use of at the discretion of the tool design and punch shop supervisor, taking into consideration the cost of changing over dies, application of strip stock, and the quantity on order.

Suggestion 10003—Adopted for a trial period. If permanently adopted an award will be made. 2/24/37.

Suggestion 10004—Rejected 1/14/37.

Reason: This suggestion is not original, as the management is continually stressing this point of economy. It is the function of the department supervisor to insist on this practice being followed.

Suggestion 10005—Rejected 2/24/37.

Reason: This method has been used for some time on some of our dies. It is standard practice to adopt this wherever possible, but is more or less left to the discretion of the tool design men to decide when and how these bushings should be used.

Our present system does not permit of a unified method of design.

Suggestion 10006—Rejected 2/24/37.

Reason: The bolts referred to are supplied as regular equipment and are to be supplied by foremen when advisable. This is an old practice and periodically the department foremen reequip all machines with these bolts.

The trouble indicated by you is due to the regular milling machine operators locking the bolts up in their drawer or tool box, or using them for other purposes. It is the duty of the milling machine operator to see that his machine is properly equipped.

On July 1, 1937, Mr. Coté was transferred to the machine repair section of the toolroom as second-shift repairman.

Mr. Coté complained to the employment manager that this new assignment was handicapping him in every way:

1. Machine repair work was paid on a daywork basis. This meant that by going off incentive work, he lost the opportunity to earn more money by increasing his output.

2. There was little opportunity for a second-shift man in the repair section to show his superiors that he had executive ability.

3. Machine repair work did not give him an opportunity to demonstrate that he was capable of doing cost-reduction work and die designing.

He was advised to accept the transfer until his case had been given further consideration.

On July 2, 1937, Mr. Coté made a formal complaint through Mr. Cameron, president of the union. He complained that he was discriminated against by being transferred to the machine repair section at a reduction of approximately \$10 to \$12 a week. Mr. Gordon, toolroom foreman, Mr. Wellman, union representative, Mr. Cameron, and Mr. Coté, met at 3:00 P.M. that afternoon in the office of the industrial relations supervisor.

GORDON: (to Avery) The reason for transfer was that die repair work had considerably lessened in the last few weeks. The charge of discrimination is absurd because the transfer was more to keep the man at work than anything else. We don't really need any more people on machine repair work, but due to the nature of the work we can always carry a fellow along for a few days or a week.

COTÉ: I want a chance to earn more money. I want to get into the toolroom on incentive work, back on standard time. My wife has just had another baby and quite a few bills have piled up.

AVERY: I think we shall be glad to give you an opportunity to get on standard time when standard time work is available. On the other hand, you've heard what Mr. Gordon just said. He's keeping you at machine repair work rather than allow you to be laid off.

WELLMAN: There's no doubt in my mind that Coté's been treated fairly. If you ask me, he's always crabbing about one thing or another. I told him so and told him he was crazy to bring the case up here. He's always talking about justice and insists that as a union representative I should fight for him. I told him that I would fight if there was anything to fight about.

AVERY: Well, I don't think there is any reason why we should talk about this case any more.

(to Mr. Coté) I can tell you this, we'll give you every chance to get back on incentive work; we'll let you know the first opportunity that presents itself.

COTÉ: That's all I ask.

The foreman who was responsible for the transfer made the following statement to the interviewer:

Mr. Coté was working on the maintenance of dies. When work was slack in that department he was sent to do machining but failed to make standard time. His work, furthermore, was not very satisfactory. It was decided to transfer him to the machine repair section rather than lay him off. Furthermore, machine repair work, being day work, was better suited to his temperament.

The foreman went on to say that Mr. Coté was his own worst enemy. He was disliked for talking too much. His fellow workers complained that he neglected his own job in order to criticize their work and elaborated at great length on his own talents and superior ability. Coté was shunned by his fellow workmen not only because he continually bragged about his own prowess but also because he burdened anyone who cared to listen (and even those who did not) with dramatic recitals of his personal affairs. The toolmakers had also resented his free and easy

habit of opening anyone's toolbox and borrowing tools without permission.

On July 30, 1937, Mr. Coté appeared at Mr. Avery's office door:

COTÉ: Mr. Avery, can I take just a minute of your valuable time?

AVERY: Yes, Mr. Coté, sit down. What's on your mind this time?

COTÉ: (pulls out of his wallet a letter addressed to him by the business agent of the union and reads).

As a result of our recent meeting with the industrial relations department and through our efforts in your behalf the industrial relations department has agreed to give you a job on incentive work as soon as an opportunity presents itself.

(s) BUSINESS Agent

You remember when I met you before? You know my name, Mr. Avery?

AVERY: Yes, I remember your case thoroughly, Mr. Coté.

COTÉ: Well, you see so many people every day that I thought you had forgotten me

AVERY: No. I remember your case quite well. What's on your mind?

COTÉ: Well, I haven't had this chance yet, and I'm told that I'm going to be laid off next Friday. I don't like the way I was told, either.

AVERY: Tell me more about the details. I haven't heard anything about your case recently, and naturally I want to hear both sides of the story.

COTÉ: The other day my foreman told me that I would have to see Mr. Rankeillor because he would have to lay me off next week. Mr. Rankeillor told me that Mr. Kennedy in the Refrigeration Laboratory wanted four mechanics and I could go over there and see Mr. Kennedy and talk to him about getting one of the jobs. Well, I went over and talked to him. He said he wanted four all round machinists. He said he would think it over and let me know. Today he told me he couldn't take me. I know he has been checking up on me in the toolroom and all of a sudden he don't want me. What is this? I think this is just a nice way to get rid of me. It seems that ever since I came to Mr. Hanson's office and put in all those suggestions, I've been out of place. I think Mr. Kennedy knew all about my story before I went to see him and Rankeillor was just giving me the good old run-around.

Mr. Avery, can't you leave me where I'm now? I don't want to cause any trouble. I got three small children. I got to think of them. My credit is good everywhere except in this place. Why, the other day I just walked into the bank and told the man that I needed \$120 to pay the hospital bill for my last baby just born two weeks ago. My wife had a hard time and it cost me a lot of money. All I did was to tell the man the story and I got the money

just like that. That's what people think of me in the city. But here I seem to be out of place.

I talked to Mr. Kendricks the other day, and he insulted me. He told me, I talk too much; that's my trouble, said he. I feel like punching him in the nose. You know my French nature don't stand for no insults. I can't help it, when people talk to me like that, I get mad. I should have punched him in the nose.

AVERY: Now wait a minute, Coté. There's one thing I want to get straight with you right now. I want you right now to cut out this talk about punching people in the nose. That doesn't do you or anyone any good. You'll never get anywhere with that kind of talk. So don't talk any more about punching people in the nose.

COTÉ: (starting to cry): I'm sorry, Mr. Avery. I want to apologize. I can't help myself when I think of my kids and my family.

AVERY: Now listen, Coté, let's talk as man to man. You don't have to apologize to me for anything. Somehow you got it into your head that somebody is always down on you. Now all I'm interested in is finding out that you have been treated fairly. All the times that you and I have met together it's always somebody else that's in the wrong. You are never wrong. Did you ever stop to look into a mirror to see whether there's anything wrong with yourself? I've always found this a good rule to follow. If one or two people don't like you, don't worry about it. But if everybody is down on you, it's time you looked into a mirror to find out what's wrong with yourself.

I know that work is slackening in the shop and we're having a hard time finding work for everybody. My department has given your case more attention than any other case that I know of, and we fully intend to see that you're treated fairly. We will try to keep you on the job somewhere, but I can't begin to pick jobs for you. Furthermore, you've got to get it out of your head that everybody is down on you for no reason whatever. I gather that your skill in your field is not as exceptional as you think it is. But your greatest difficulty seems to be getting on with other people. Apparently you just can't resist telling your fellow workmen how to do their job. You'll never get along with people that way. You've got to learn, whether you do it here or somewhere else, to buckle down to your own job and keep at it. I'll look into this case further, and I'm going to see that you're taken care of fairly. In regard to this laboratory transfer; Mr. Kennedy has every right to look around and select any employee he chooses. His work is very fussy; it's on daywork and requires a lot of experience, because the work is so diversified. That's why you see so many of the older men there. No doubt he's found out that your work in the toolroom doesn't indicate this standard and he's perfectly justified in not taking you on if he's not satisfied that you're the man he wants.

And then about those suggestions of yours: Please get it out of your head that you're being persecuted on their account. The foremen don't even know that you ever put in a suggestion.

COTÉ: All I want is justice, Mr. Avery.

AVERY: I'm sure no injustice has been or will be done to you. Mr.

Kendricks has followed your case with the greatest interest, and if you only knew it is really a friend of yours. I'm quite sure that you don't have to worry. You'll be treated fairly.

COTÉ: All right. I'll wait and see.

CASE 43. THE CORELLI CASE

(Difficulties of a demoted group leader.)

Characters:

MR. CORELLI, demoted group leader.

MR. AVERY, supervisor, industrial relations.

Mr. Leonardo Corelli was above average in intelligence, a Protestant Italian, thirty-two years of age, who had at one time studied for the ministry. At the age of nineteen he became an industrial worker (temporarily as he thought) to earn money for his anticipated college expenses. After five years, during which he had not been able to save enough for a college education, he gave up this plan. Instead, he entered a Methodist missionary school in the South. Accordingly, from 1922 through 1931, he worked at the factory only from June to September as motor repairman. For his spare time he accepted preaching engagements in rural parishes. During lunch hours he also conducted a few revivalistic meetings at the factory. These were ridiculed by his fellow workers and soon abandoned.

For personal reasons he did not complete his studies at the missionary school, and from 1932 on he decided to continue permanently as an industrial worker. His next position was that of electrician's helper in the maintenance department. On June 29, 1936, he transferred to the test department as tester. On July 3, 1936, he transferred again and secured a position as assembler. In October, 1936, he was promoted to the position of group leader on the third shift. Nine months later he was demoted. The reason given was his lack of supervisory ability. A few weeks later he obtained a transfer to the feeder section.

At the time of the following interview he had just entered an evening course in industrial management at the LaSalle Institute.

On Thursday, July 1, 1937, Mr. Corelli came to Mr. Avery for advice. He was so excited that it was some time before he could speak coherently:

AVERY: Well Mr. Corelli, what can I do for you?

CORELLI: Oh, Mr. Avery, if something isn't done right away, I'll go crazy. I'm at my wits' end. Please tell me what to do.

EVERY: Oh come, it can't be as bad as all that. Take a chair and tell me what's on your mind.

CORELLI: Thank you. You're very good to let me talk to you without an appointment and all. But I just simply got to talk to somebody. I can't understand why this should happen to me. People might think I was the thief when all I tried to do was to make them see that it was wrong to lay down on the job. Anybody with the smallest spark of decency could only do as I did. . . .

EVERY: Have a cigarette, Mr. Corelli, and have a little smoke before you tell me what this is all about.

CORELLI: Thank you. I think that's a good idea. . . . (Lights a cigarette and inhales deeply)

About nine months ago I was appointed as a group leader and got involved in a difficult situation. Men on the night shift on which I was working, especially inspectors and testers, went to sleep after a few hours of work or else simply went off for a walk. Of course, I had no authority over the inspectors and testers, so I could not say anything. And whenever I offered a little friendly advice they just laughed at me. Pretty soon, some of the workers in my group, too, began to shirk their duties and copied the behavior of the others. All this interfered with production. I reprimanded them and they just said: "What's the use of working? We can't get anywhere unless the inspectors and testers check on our stuff."

I reasoned with both my men and the inspectors. I urged that it was their moral duty to do the best they could for the company. I even had them at my house for a party in an effort to make friends with them. I tried to explain to them that it was to their best interest to do a good job; but they paid no attention. No one, except a graduate from New York University, understood what I was talking about. Pretty soon the whole group was snickering. Some of them even told me to go to hell. There was nothing I could do to remedy the situation.

When I was called on the carpet for not getting out production, I went to the foreman and explained the situation. The foreman refused to do anything about it, saying that he could not afford to antagonize the foreman of the inspectors and testers. Apparently his one major desire was to avoid trouble with his colleagues. As for me, I felt the behavior of the men was just as bad as stealing. If you had put \$50 on the table and they took it away, just like that (making a sweeping gesture with his right hand), people would pay attention. But when they merely neglected their work, no one seemed to notice.

Finally I went to Mr. Kendricks, the employment manager, and asked him for advice. Mr. Kendricks gave me some very valuable advice and told me to let things alone for a while, maybe they would straighten themselves out. He suggested that I allow the

situation to explode rather than explode myself. I followed this advice for a while, but pretty soon things became worse and worse. I was also feeling that my character was disintegrating if I allowed this sort of thing to occur under my supervision. For many days I hardly got a wink of sleep, thinking, thinking what I could do to make the men see their mistake; to find a way in which I could gain their cooperation and bring them back on the right path. I prayed for guidance. All in vain. So I finally went to Mr. Hastings, the general foreman. I told him my predicament and asked for help. But Mr. Hastings was very impatient and without regard for me, he decided to settle the thing in his own way. He called all the men together and exposed the situation. What was the result? The offenders kept their jobs and I lost mine as a group leader. Evidently, Mr. Hastings seemed to feel that he would rather have one dissatisfied employee (namely me) than many. So I was in disgrace. Naturally I did not want to stay in that department and got a transfer to the feeder section.

But what's the use? The men in my new department met me with much antagonism. They seemed to think that I was a stool pigeon and refused to work with me. I was so upset about this all that I became ill. I even felt at one time that I would do away with myself physically. Where is the justice of it all, I ask you? Here I was trying to do the best I could for the company and for the men, too, if they only had brains enough to know it. What was the result? Everyone shuns me as if I were a leper.

I explained the situation to the workers but they only laughed at me. They neither know nor care what the facts are. They rather have somebody they can kick around.

The union representatives refuse to do anything about my case. I've talked to them and they say that they will not be a party to any action which is designed to make men work harder. What d'you think of that? And they are supposed to be our representatives. I told them that in such a case I felt that I could no longer accept their philosophy. But all they say is, "so what?"

In talking to the union representatives, the works manager once said that honesty still counts for something. I believed this, but apparently this is not so. No one gets hurt except myself.

I don't know what to do. I almost feel like throwing up my job and doing away with myself. But as a last resort I have come to you for advice.

I think a group leader is in a difficult position. If he doesn't get out production, management will call him on the carpet. If he exposes unsatisfactory conditions that interfere with his getting out production, he's hated by the men and abandoned by the union. How can he tell what course he has to steer? I think group leaders ought to have a chance to meet with each other in order to talk over their problems. They do have problems, you know. They may not admit it to management, but I know they have. Perhaps

I was hasty in my uncompromising attitude. I found that out to my cost. But what can I do now? If no one is willing to work with me, how can I earn a living, how can I show them that I want to do the best I can?

When I went to school I used to have a social ethics teacher who told us how the workers were exploited and used as machines. But now that I have some industrial experience I know that this is somewhat exaggerated. Some workers may show the right spirit but many of them think of nothing but how they can get by and how they can cheat the company. This is very discouraging. I can't see how men can complain at one time that they are not paid enough for their work and how at the same time they can consciously cheat the company by laying down on the job. I would like to write about my experiences and publish them in the union paper to let the workers know what they're really like. But I'm afraid that the union would not publish these articles. Nothing hurts so much as the truth.

So what's the use? There's nothing I can do. What is to be done? Do you think there's any use in my staying here?

CASE 44. CASE OF DEBORAH LARKIN

(A transferred inspector with long service insisted that she should be placed on the first shift.)

Characters:

MISS DEBORAH LARKIN, inspector, 48 years of age.

MR. OVIEDO, business agent of the union.

MR. AVERY, supervisor, industrial relations.

MR. DUNSTABLE, interviewer, womens' employment.

On July 8, 1937, the business agent, Mr. Oviedo, called Mr. Avery (supervisor of industrial relations) on the telephone and asked for an interview saying that he was bringing with him an employee who deserved special consideration on account of her long service. A meeting was arranged:

OVIEDO: Mr. Avery, I though this was a worthy case to bring to your attention, and I wish you would listen to her complaint.

(to Miss Larkin) Will you tell Mr. Avery your story?

LARKIN: Well, I worked in A-29 as a tester for 15 years, and I was always on the first shift. When I heard that Motors were going to Cleveland,¹ I was worried and asked whether I might be transferred. I asked my foreman, and he said he would see what he could do. It wasn't going to be easy because A-29 was shutting down within two weeks, and we were all going to be laid off soon. A little later the foreman told me to go over to the employment department. There they told me I had to take a second-shift job. I didn't know what else I could do, so I took it. Now I've been working for the last three weeks on the second shift in the refrigerator department. I don't like the second shift, and I don't believe I'm getting proper treatment, because I've been here 15 years, and I think I ought to have some pick of my job. I live alone with my sister at home, and she works in a restaurant down the street. She works in the afternoon and late at night. This makes it hard for us to keep our house clean and I like to work on the first shift because I can be home while she is away.

AVERY: Let me call Mr. Dunstable (interviewer, womens' employment). and see what he has to say. (Calls Mr. Dunstable.)

Do you recall Miss Larkin, Mr. Dunstable?

DUNSTABLE: Yes, certainly. (to Miss Larkin): How do you do?

LARKIN: How do you do?

AVERY: What information have you got on Miss Larkin's case?

¹ Management had decided to transfer its small motor division to Plant No. 11.

DUNSTABLE: About three weeks ago, Mr. Hobbes came to my office with a layoff list to tell me that a number of girls with long service were going to be laid off. He asked if I couldn't place them in the plant before the actual layoff. I told him I would do my best. An hour later, Miss Larkin came in to ask what I was going to do for her. She said I had to do something because she had such long service. I told her that I would do all I could, but that it would take a little time for me to look around and see what kind of work we could put her on. She said that she wouldn't consider any other job than a test or inspection job, and that she knew of plenty places where I could put her, and that there were plenty of girls in other departments with less service whom I could lay off in order to give her the preference she deserved. I told her that I would look into the situation and let her know. Three different times that day, she came to see me, asking what I had done. Each time I let her know that so far, I didn't have a chance to do anything but would attend to her case as soon as I could. I told her she needn't worry, we would keep her on where she was until a job had been found. We did keep her on in the department for more than a week. I finally made a place for her as inspector on the second shift by laying off a junior who had only been with us a short time. She took that job but every day since that time she has been in to see me about a transfer to the first shift. It is difficult to find her a job at the same rate of pay on the first shift because she's not as speedy as the other girls. I've offered her several other jobs on the first shift, as bench worker or assembler, but she won't take them because they are production jobs.

LARKIN: There are plenty of other girls on that shift who have less service than I, and I don't see why you can't transfer one of them and put me in her place.

AVERY: We are doing all we can for you, Miss Larkin. After all, you haven't lost a single day's work in this transfer, and we made sure that your new job was at the same rate of pay. This shows that we are giving every consideration to your service record that we can. Furthermore, we are going to find a place on the first shift for you. Only, you must realize that for several reasons this is not so easy. In the first place, you definitely limit the possibilities by specifying the type of work you want. Secondly, you cannot expect that the foreman should jeopardize production by releasing highly efficient girls who have learned to work together in his department.

LARKIN: Well, anyway, Mr. Dunstable didn't tell me of any other jobs on the first shift.

DUNSTABLE: I am sorry you take that attitude, Miss Larkin. But if you will recall, I showed you three jobs on the first shift. One of them was a job as bench worker, the others were assembly jobs.

OVIDO: Miss Larkin, I think this is all beside the point. I am certainly convinced that management is trying to place you. And please, don't let us waste our time. I have plenty of other cases where

people have not been as fortunate as you have been. They are losing time and money by this transfer and would gladly take any job. Mr. Avery has told you that he will continue to try to place you on the first shift, and I certainly don't want him to fire anybody to do this.

LARKIN: Well, please do everything you can, Mr. Avery, and do it quickly, will you? I want very much to get on the first shift.

AVERY: I'll do everything I can, Miss Larkin. I suppose you wouldn't be interested in taking a job as charwoman on the first shift? We can make a place for you in the office building.

LARKIN: Certainly not. I couldn't consider that.

AVERY: Well, give us a few weeks to turn around in. Come in to see me Monday, July 26. Will that be all right?

LARKIN: Oh, yes, indeed.

July 21, 1937
Deborah Larkin

Industrial Relations

Mr. J. Avery, Supervisor

On the case of Deborah Larkin which you asked for a report on, I have talked today with Mr. Masters concerning her case and have the following explanation to offer as to why it is impossible at the present time to transfer her onto the first shift.

She is on a job especially suited for her as it is a simple meter reading occupation on the staters in Department L-50. Mr. Masters does not feel he could transfer her to any other type of work and on the particular job on which he is working the two girls on the first shift have both more than five years service on that same occupation. In Mr. Masters' estimation, both girls on the first shift are more valuable to him and he could not legitimately transfer one of them to the second shift without endangering production.

Mr. Masters has gone over this with Miss Larkin and has absolutely guaranteed that the first opening on any occupation for which she might be suitable, he will place her immediately.

Under these circumstances I cannot see how we can be of any assistance to her at this particular time unless we can place her on a bench job on some easy occupation.

H. N. DUNSTABLE
Employment Department

July 22, 1937. Miss Larkin in Avery's office.

AVERY: Miss Larkin, we must come to some definite understanding on your case. You have had more consideration than any other employee and yet you continue to make trouble.

LARKIN: (Fumbling for her handkerchief) Oh, Mr. Avery, you're not angry with me, are you?

AVERY: Well, I'm not exactly pleased. You have agreed to give us time to turn around in to find you a job on the first shift. But

instead of living up to this agreement you make matters worse by appealing to everybody in sight to do something about your situation.

LARKIN: (In tears) I don't know what you mean, Mr. Avery.

EVERY: I mean just this—your case has bobbed up in this office every single day since we came to our agreement, July 8. You have talked to four people since you've been up here—Cameron (president of the union), Oviedo, and two representatives. If there is something that is not clear to you, why don't you come to us?

LARKIN: I didn't want to bother you.

EVERY: Why bother them? Besides, by talking to them you bother both them and me. Naturally, they have to take some action, and the only way they can do that is to come to this office. And it isn't as if we are neglecting your case entirely. We gave you all possible consideration because we appreciate that you have 15 years of service. We even fired a boy to make a place for you.

LARKIN: Fired?

EVERY: Yes, we fired a junior to give you your present job. And your foreman has absolutely agreed to place you as soon as he can find a job for which you are suited. Why don't you give him a chance?

LARKIN: I do.

EVERY: I beg your pardon. You're not helping us a bit by misrepresenting your case to the representatives.

LARKIN: Oh, I didn't do that.

EVERY: Well, you certainly had Dunstable on the spot by telling one of the representatives that he was not taking any interest in your case. What d'you expect the representative to do when you tell stories like that? He naturally comes right to this office to find out why nothing has been done. More than that, you told Mr. Cameron that we didn't even want to give you the charwoman job on the first shift. Now you know that this isn't true. You can have the charwoman job right now. I didn't stress the charwoman's job because I knew you wouldn't like it. Cleaning toilets is different from what you have been doing before.

LARKIN: Oh, I wouldn't mind cleaning the toilets for the office people so long as it isn't in the shop.

EVERY: All right. I am ready to transfer a woman from the office building in order to give you the job.

LARKIN: Oh no, I have no right to ask that.

EVERY: Well, you have 15 years of service. You have a right to get preference.

LARKIN: Well, I don't know. I'll wait till Monday.

EVERY: I think that's the best thing. If you will only wait a little while, I am sure we can find a place for you. Mr. Masters has promised. . . .

LARKIN: (Evidently anxious to be gone) Yes, he was very nice to me, and I'm sure. . . .

EVERY: Well, give him a chance. Your best bet is in the refrigeration department, because the work there is steadier than anywhere else.

CASE 45. MITCHELL CASE

(Unexplained difficulties in the engineering model shop.)

Characters:

MR. MILLER, foreman, engineering model shop.

MR. AVERY, supervisor, industrial relations.

MR. SMALLEY, friend of an employee with personality difficulties.

MR. KENDRICKS, employment manager.

On June 24, 1937, Howard Miller, foreman, engineering model shop, came into the office of Mr. Avery, the industrial relations manager, and asked if he could get some help on a problem in his department:

MILLER: Jim, I feel that I'm not getting anywhere with the fellows in my department. There's a lot of monkey business going on, and I can't seem to get to the bottom of it.

They're all little things and no one of them is really serious, but all together they are disturbing as showing poor morale. For instance, the other day, half a dozen tools were lost. We finally found them behind a box in the storeroom, apparently hidden by somebody. Yesterday we found several broken taps in a fellow's drawer. Knowing the fellow as I do, I know he didn't break the taps. They were deliberately placed there by somebody else. I have an idea who it is, but I can't pin it on him. The fellow is kind of slick, and I'm sure when somebody is fired, it won't be him, because this guy is slick enough to make sure that somebody else has to take the rap.

Our organization over there is small, as you know. All the fellows have been with us a long time and we've always been a happy family until this damn union started.

AVERY: How are your rates of pay, Howard?

MILLER: O.K. I'm sure. A few months ago we reviewed them all, and I discussed every case with each individual. They all appeared to be satisfied.

AVERY: Who do you think is causing all this?

MILLER: Oh, between you and me and the lamp post, I think Sprague is at the bottom of it.

AVERY: Isn't Sprague the union representative?

MILLER: No, he isn't now. They kicked him out about a month ago.

AVERY: Out of the union?

MILLER: No, out of the job of representing the department. But, come to think of it, he did hold some kind of an official position in the union. He lost that at the same time.

AVERY: Does he still pay his dues?

MILLER: Yes, I believe he does. At least he wears his union button.

AVERY: Do you have any nonunion members in the department?

MILLER: Yes, we have two, a fellow by the name of Smith and a fellow by the name of Mitchell.

AVERY: Well, do you think that might be the cause of your trouble?

MILLER: Yes, it might.

AVERY: Has either of these boys been approached to join?

MILLER: Yes, they have, long before they came to work for me, though. They don't want to join. Smith happens to be a friend of mine. I have known him for a long time and I think the fellows feel that he is a bootlicker. But there's nothing to that. He's just as square as he can be. He is quiet and unassuming and knows how to mind his own business.

AVERY: How about Mitchell?

MILLER: Well, you know Mitchell, Jim. He's the guy that was made a foreman some time ago but was taken off the job soon after. I understand promotion went to his head a bit, and he couldn't get along with the fellows. They said he was too cocky; that as soon as he was made foreman he strutted around like a peacock and didn't know his own brother.

AVERY: Maybe he is the fellow you're looking for?

MILLER: No, I don't think so. It's true he's kind of blunt and doesn't hesitate to speak his mind, but generally he's well thought of. He's got a good reputation among his own crowd. In fact, he headed up the lodge last year.

AVERY: Well, I don't know what to tell you, Howard. Suppose you let me think it over, and if I can find any solution I'll let you know.

MILLER: O.K., Jim. But couldn't we transfer Sprague out of the department? He's a good mechanic and it wouldn't be too obvious if we transferred him to a light job where he could earn as much money as he's making now.

AVERY: No, I don't think that would be wise. Remember you must be able to prove your case up to the hilt and so far we have nothing tangible. . . . Let me think it over. I do remember something about the Mitchell case that might have some bearing on all this. But I'd like to make sure.

On June 28, 1937, Howard Miller again came to Avery's office, quite perplexed:

MILLER: Jim, a funny thing happened Saturday. I was just about ready to leave the house when Mrs. Mitchell came into the driveway with her children. She wanted to know what was the matter with her husband. She said he had not been able to eat or sleep.

And he won't tell what's troubling him. I told her I didn't know what the trouble could be. There had been some mixup in the shop, but I couldn't see how that had anything to do with him. I told her not to worry, and that he would probably be all right by Monday. This morning when I came in to work, Mitchell came over and asked if he could talk to me. We went upstairs to the conference room, and I found him in a very nervous state of mind. He was actually jumpy, I tell you, and could hardly speak without quivering. I feel he's heading for a nervous breakdown. For one thing, he told me that everything that had happened in the lab. was his fault and wanted to know what he could do about it. He was almost in tears when he said, "This is all my fault. I believe I'm losing my mind. What can I do to square myself with the men?" I told him that if he was in any trouble with the men in the department, the best thing for him to do to clear his conscience was to go out and apologize to all of them. He agreed to do that but said he simply couldn't apologize to Sprague. The very idea of apologizing to that man upset him terribly. D'you think I was right in giving him this advice?

AVERY: Yes, I do. This may be the answer to your problem. Let's check up on Mitchell's previous record and see if we can find out what is wrong. I know a personal friend of his, Smalley. It might be a good thing to call him in.

MILLER: Let's do that.

Mr. Avery telephoned Mr. Smalley and asked him to step into the industrial relations office for a minute.

AVERY: Mr. Smalley, you have known Mr. Mitchell for quite some time haven't you?

SMALLEY: Yes, I have. He's been a personal friend of mine for more than fifteen years.

AVERY: Have you seen him lately?

SMALLEY: No, I haven't seen him for a week or two. Why do you ask?

AVERY: Well, I would like to talk to you about him. He has been acting queer lately, and Howard Miller, here, thinks he is headed for a nervous breakdown.

SMALLEY: What d'you think is the trouble?

AVERY: I don't know, but he seems to be worried about things in the department and the people in it. He came to us this morning very much broken up and confessed to being responsible for everything that happened, and we don't know just what he is talking about. But apparently he feels that he owes his fellow workmen an apology for something he has done.

SMALLEY: Well, I can easily imagine that. You know, if I hadn't known Mitchell over all these years I could easily get mad at him any time. He's so damn blunt the way he says things. Often he doesn't know what he's saying and is always getting himself into

trouble. And he doesn't know enough to keep his mouth shut. Whatever happens, he always has to tell half a dozen people about it before he's through. I think I would have had the right to punch his nose at least a hundred times in the last couple of years. Many times he's so irritable and abusive that you can hardly help taking a good sock at him. And ever since he lost that foreman job he's been more irritable than ever. Then there's another thing. He took it awfully hard when his mother died this spring and can't seem to get over it.

EVERY: Well, thanks, Mr. Smalley. If you see Mitchell I wish you would have a talk with him. Maybe you can help him work out his problems.

SMALLEY: (going out) O.K., I'll be glad to do that.

On June 29, 1937, Miller came into the industrial relations office.

MILLER: Well, Jack, what d'you think of that? Mitchell quit on us.

EVERY: Oh he did, did he? What happened?

MILLER: Well, yesterday afternoon he went around and apologized to everybody with the exception of Sprague. He apologized for what he had done and said. I asked him why he didn't apologize to Sprague, and he said that he didn't have nerve enough. I tried to tell him that the best thing for him would be to get the whole thing off his chest. But he refused and said he wanted to quit. He said, "I'm going to quit. I got to. That's the only way I can straighten things out." I argued with him that it was foolish to quit and that I was sure the whole thing would blow over. But he insisted that he wanted to get out of here. Then I asked him if it would not be better for him to shake hands with Sprague before he left. He did this after a while, then insisted that I go and check his tools and give him his pay. He was in such a hysterical condition that I didn't know what to do. So I made out a quit slip and walked out of the shop with him. However, I refused to let the quit slip go through. I knew the man was not accountable. So I talked the matter over with Kendricks (employment manager) and we agreed to hold the quit slip and his badge.

The employment manager added the following information as to Mr. Mitchell's behavior on leaving the plant:

Mr. Mitchell came into my office and threw the quit slip on my desk. I said, "Why, Cal, you can't mean it. Why do you want to leave?" You can't leave without notice and leave Miller in the lurch. But he said, "I got to go."

KENDRICKS: Why?

MITCHELL: For personal reasons.

KENDRICKS: What do you mean, personal reasons. Aren't you satisfied with the department?

MITCHELL: Oh, it isn't that. Miller is a fine man. There's not a man this side of hell that I'd rather work for.

KENDRICKS: Well, why leave him then?

MITCHELL: I've been a bad boy.

KENDRICKS: What do you mean?

MITCHELL: I've been a bad boy. . . . Oh, don't talk to me any more. If you talk to me I'll cry (his lips quivering).

KENDRICKS: Well, Cal, I don't want you to do that. Go home for a while and come back tomorrow for your check.

Mr. Mitchell did not call for his check. Instead, he returned the next morning and asked whether he could go back to work. He said that he had talked the matter over with his wife and brother, and that they had persuaded him not to give up his job. Mr. Kendricks called in the foreman and both decided to send Mr. Mitchell away on sick leave. He was to rest up in the country and was assured that his job would be waiting for him on his return.

CASE 46. THE BOWDITCH CASE

(Conflict between a union representative and a transferred employee.)

Characters:

MR. POOLE, union representative, inspection department.

MR. AVERY, supervisor, industrial relations.

MR. SIMPSON, foreman, inspection department.

MR. BOWDITCH, inspector, inspection department.

On Dec. 16, 1937, at 2:30 P.M., George Poole came to the National Manufacturing Company's industrial relations department with a formal complaint card and asked the secretary whether he could talk to Mr. Avery. The secretary arranged an immediate meeting.

POOLE: Mr. Avery, I've a complaint to make. I think we ought to get Mr. Simpson over here.

AVERY: Wait a minute, Mr. Poole, let's see first what the complaint is. Maybe Mr. Simpson ought to handle it out there.

POOLE: Well, here's the story. We have a fellow there that makes a lot of mistakes—bad ones, too, in the count of material. As a matter of fact, groups have complained several times that they were short in their pay, all because they didn't get credit for work they had performed. I've talked this over with Mr. Simpson several times, and we have agreed that the man is not fit for this type of work. He came to us on a transfer and really isn't an inspector anyway.

AVERY: Well, just as I thought, Simpson can handle that. If the man is not fit to do the job, the foreman should send him back to the employment department.

POOLE: I know all that, but this fellow got personal.

AVERY: What do you mean "personal"? If it is just a private matter between you and him, I'm not interested in getting mixed up in any personal fights.

POOLE: Well, it isn't personal in that sense. The fellow came to me and wanted to know whether I was for him or against him. He said that it was my duty as representative to back him up and not fight against him. I asked him if he belonged to the union. He said, "Sure." As a matter of fact, he hasn't paid any dues for seven months. This automatically drops him from the union. Not that it makes any difference to me, you understand. If he was in the right, I would have backed him up, and if he's wrong, I wouldn't. So, knowing that he couldn't handle the job, I told him that I

couldn't do anything for him. Then this fellow folded his hands like this (illustrates by clasping his hands) and said, "Well, you wouldn't do anything for me anyway because you and the foreman are just like this." Now, I don't think a fellow ought to be allowed to talk that way, accusing me and the foreman of being in collusion. I think he ought to be dropped from the department for behaving like that, or, at least, he ought to apologize for talking that way.

AVERY: Well, Poole, I don't see why I should get mixed up in any dogfights. I still think this matter should be settled between you and the fellows and the foreman right in the shop.

POOLE: But Simpson won't do anything about it. He says this is personal and has nothing to do with production. Wouldn't it be a good thing to get him over here?

AVERY: No. I'll tell you what I'll do, though. I'll call Simpson on the phone and ask him why he can't settle this matter out there. It's part of his job, and he ought to attend to it.

(Calls Simpson on the telephone.) This is Jim. . . . Avery, industrial relations. Say, I have one of your men up here. I guess you know what it is all about. Why can't you settle this affair out there?

SIMPSON: (Over the telephone) Well, we have. But this matter with the representative is personal and I think it ought to be settled over in your office. I'd like to come over and bring this fellow, Bowditch, with me.

AVERY: Well, all right. If you want to, come right over.

The foreman brought Inspector Bowditch into the industrial relations office. There was an exchange of greetings between Simpson and Avery, but no communication between Simpson, Bowditch, and Poole. Bowditch seemed worried and ill at ease. He kept shifting his weight from one foot to the other and twisting his cap in his hands. Representative Poole stood with his back to Bowditch and facing Avery who was seated at his desk. Simpson was sitting next to Avery.

SIMPSON: (To Avery) I thought you ought to know all sides of this story so I brought Bowditch with me. After I tell what I know, Mr. Poole can pick up from there.

SIMPSON: We took Mr. Bowditch from the small motor job¹ knowing that he wasn't an inspector, and that it was our job to try and make him one. He had six years of experience as a J. & L. operator

¹ In the fall of 1937, the small motors division of the National Manufacturing Company had been transferred to a new Midwestern location. Of the 1,058 workers employed in this division, 18 elected to follow their jobs to the new plant. The 1,040 employees who were left behind were divided into three groups:

a. Employees having service of 10 years or more (292). These workers were transferred to positions in other divisions and as far as possible placed on jobs that

(Jones and Lamson Chucking Machine—skilled job) and was entitled to some consideration. He is an excellent machine man but keeps on making clerical mistakes. We have talked to him about this but he didn't improve, and finally we decided that he wasn't the man for an inspector's job and that he ought to get back to the machine. So I went to the employment department and told Kendricks (employment manager) that he would have to take him back. At the present time we are merely keeping him on the job until the employment department finds a more suitable job for him. That's the story so far as I am concerned. Mr. Poole can pick up from here.

AVERY: I've already heard Mr. Poole's story, but I haven't heard what Mr. Bowditch has to say.

BOWDITCH: Well, I suppose I did fly off the handle, but this whole change has kind of upset me. And after all, what was it that Mr. Poole said to me? I didn't get all of it but it sounded like, "We can't be bothered with a bunch of. . . ." I didn't get the rest.

POOLE: Well, I don't recall saying anything like that. But Mr. Bowditch insulted me, and I think he ought to apologize. He hasn't any business to talk to the fellows about me being in collusion with the foreman.

BOWDITCH: Who did I talk to?

POOLE: Well, I guess you didn't talk to anybody that I know of, but you told me to my face that the foreman and I were just like this, which makes it even worse.

BOWDITCH: Well, I guess, I said a little more than I should have. I get excited easy.

POOLE: Well, you have no business to say these things. You are new in the department, and you don't even know me.

BOWDITCH: That's true. That was the first time I ever saw you.

POOLE: That's just it, and all the more reason why you shouldn't say such things. You don't know what you're talking about.

BOWDITCH: No, I admit, I was in the wrong and I apologize.

POOLE: O.K. I'll accept the apology and am willing to forget what happened. I guess that settles everything.

AVERY: (To Simpson) That's that. But I still don't see why this couldn't have been settled out in the shop. There's no reason for coming here.

guaranteed a weekly earning comparable to that received in the small motors division.

b. Employees having less than ten years but more than three years of service (534). These individuals were placed on service work and daywork occupations. This meant that their weekly earnings were slightly reduced. Mr. Bowditch's case came into this category.

c. Employees with less than 3 years of service (214). These were laid off. Ordinarily, management would have made a great effort to place every man who was affected by the move. This was impossible since the small motors transfer coincided with an unexpected drop in production.

POOLE: Well, Simpson didn't want to take any action because this was a personal matter.

SIMPSON: I thought it best that Mr. Avery should know about this. But I think it's all settled now and we shouldn't take up any more of his time.

(Poole and Bowditch leave the office.)

AVERY: Just a minute, Simpson. Don't you think it would have been wise if you had handled this question in the shop, even if you do consider it personal? You could have handled it by suggesting to Bowditch that, while you didn't want to interfere with personal matters, you could not allow this kind of friction in your department and that, therefore, it would be well for him to apologize to Poole for the remark made.

SIMPSON: I suppose so. But that little tiff was nothing. You know this fellow Bowditch isn't as bad as he's painted. I don't want to be too hard on him and see him lose his job. Besides, he has a wife, children, and owns his own home. He can't afford to lose his job. After all, Poole knew that we had no intention of keeping this fellow as an inspector. There's a note on Kendrick's desk right now, reminding him to find a machine job for Bowditch as soon as he can. I felt if I could only stall this thing along for a little while, everything would be all right. I'm sorry that this came up.

AVERY: The whole thing is, if you don't settle these questions in your shop, how can the men look to you as the natural person in authority? What did Poole get here that he couldn't have got from you?

SIMPSON: Well, for one thing, he had cooled off quite a bit. You should have seen how he carried on in the shop. He came to my office just before two o'clock; banged his fist on my desk and demanded that Bowditch be sent out of the department. I told him that I wouldn't take action until I knew what this was all about. Poole, then, told me that Bowditch had insulted him and that he wasn't going to stand for it. He even brought a witness along to testify to what Bowditch had said. I still refused to fire Bowditch because it was understood that he would leave anyway as soon as we could find him another job. Poole then said, "If you refuse to do anything about it, I'm going higher up." So I told him, "If that's the way you feel about it, I'm going along." I called your office at this time, but you weren't in. Poole hung around for a while and finally sent away the fellow who was willing to come along as a witness on his own time.

You see, I thought that the whole thing had really nothing to do with what Bowditch had said. My opinion is that the representative was riding Bowditch because he hadn't paid his dues. This is what happened. Bowditch talked to Poole and he said, "as a union representative you ought to fight *for* me rather than against me." Then Poole reminded him that he hadn't paid his dues and so he didn't belong to the union any longer. After that Bowditch

took the stand that Poole should at least leave him alone. He was able to handle his own grievance. It was at this time that Poole told him, "Sure, I'll leave you alone. . . We can't be bothered with a bunch of . . . (unprintable language)." Then when Bowditch got mad, Poole told him, "Why don't you . . . (unprintable language)." That's the whole story and that's why I took the stand that this quarrel was personal and had nothing to do with the shop.

AVERY: What sort of mistakes did Bowditch make in his work?

SIMPSON: Oh, mostly clerical. You see, inspectors have to have quite a varied background. They must have good mechanical ability, but they also must have good clerical ability. Bowditch is a cracker-jack of a machine man, but he gets easily rattled when it comes to clerical work. Several times he credited one group with the work of another group. For instance, day before yesterday, he credited group 130 with 40 hours of work when the work had actually been performed by group 110. Mistakes like this happen sometimes to other inspectors, especially around 2 o'clock when the inspector is in a hurry to finish all the work on hand. But Bowditch makes more mistakes than the others and doesn't seem to learn by experience. He keeps on making the same mistakes. Then there is another trouble. There is no doubt that Bowditch had "crashed the gate." He wasn't an inspector and came to us on a transfer while other inspectors were still out of work.

AVERY: Yes, I suppose that was bad.

SIMPSON: Sure, it was. It placed Bowditch in a difficult position. The poor fellow had one strike against him already.

AVERY: Say, I wonder if we could have avoided some of these difficulties if we had given Bowditch one of our clerical tests before putting him on that job. Would you mind if we gave him a test now, just to see how he would come out?

SIMPSON: Not at all. Go right ahead. Only let me talk to Bowditch first so he won't get worried.

Bowditch volunteered to come to the employment department and have one of the interviewers administer a *Clerical Ability Test*. He obtained the following score:

Accuracy: Superior.

Speed: Average.

APPENDIX A

GENERAL DESCRIPTION OF THE NEW PROCESS RUBBER COMPANY, INC.

The New Process Rubber Company was incorporated in 1900 with one small factory building and a daily production of about 200 pairs of shoes. The plant was located in the suburban section of a large eastern city, thereby assuring a plentiful supply of labor and economical transportation facilities. In 1937 the buildings of the factory provided a combined floor space of 25 acres and had a daily production capacity of 50,000 pairs of footwear. In addition to its footwear production, the company manufactured rubber floor tiling, automobile battery boxes, coated fabrics, rubber gloves, corsets, radio parts, and other miscellaneous rubber articles.

Its principal production was footwear, which was divided into three classes: (1) *heavy protective footwear* designed to be worn directly against a stockinged foot, such as rubber boots, hunting and sporting boots varying in height from knee to hip, or various other laced or buckled shoes worn by lumbermen, miners, farmers, fishermen or hunters; (2) *light protective footwear*, designed to be worn over leather shoes and comprising standard and heavy work rubbers and gaiters; and (3) *canvas footwear* designed for sport or summer wear, featuring particularly shoes with ventilated uppers and comfortable resilient soles. The complete list of footwear included 900 different styles, which were further subdivided into six major groups: men's, youths', boys', women's, misses', and children's, each group containing 14 sizes. From the point of view of production, division by styles was of particular significance in the factory. Setting up production for each style called for many equipment and material changes. Once a particular setup had been made, manufacture of different sizes required only minor adjustments of the production process. The number of parts in a shoe ranged from 13 to 45, so the number of different pieces required by the variety of styles, sizes, and colors, was large.

The company did not manufacture directly for stock but chiefly to fill orders from jobbers, chain stores, some large retailers, and its own sales branches. Such orders usually came in several months in advance—up to 5 or 6 months. On the other hand, some orders were received for delivery within three or four weeks if seasonal extremes or other causes increased the anticipated demand. These rush orders were accepted if they did not unduly disrupt the regular production schedule, and they usually required the hiring of new employees. Sometimes, to level production, the company manufactured to some extent on estimated orders.

In the manufacture of all three types of footwear, the fundamental processes were the same, differing only in detail and consisting in the combination of rubber or fabric parts assembled over an aluminium last. A brief outline of the company's manufacturing processes is as follows:

All raw materials, such as rubber, fabric, compounds, etc., were subjected to a rigid inspection and laboratory testing upon arrival at the plant before their use was approved for any of the company's products.

The first step in processing consisted in weighing out the various ingredients or compounds in designated proportions to be mixed with raw rubber. The chemical ingredients or compounds varied according to the ultimate use of the finished product. A few of the more common compounds were sulphur, essential to vulcanizing; various chemicals known as "accelerators," which assisted the process of vulcanizing; and coloring pigments, softeners, reinforcing agents, and antioxidants. These compounds were mixed with rubber in mixing mills or internal masticators.

The compound gum was then calendered or rolled into sheets of desired thickness, having plain or engraved surfaces. This operation was performed on heavy machines known as "calenders." Fabrics were also rubberized or coated with rubber on fabric calenders.

Fabric and gum parts were then cut to proper shape on various types of cutting machines.

The cut parts were then run through preparatory assembly operations of cementing, fitting, or stitching, in preparation for final assembly on aluminium lasts.

Following the final assembly, all rubber footwear was vulcanized. A highly important principle of rubber manufacturing was contained in the chemical art of compounding and proper vulcanizing. Certain formulas were jealously guarded trade secrets. The duration and temperature of vulcanizing affected the resulting product in much the same way as baking affects a cake.

At each stage of the manufacturing process, many precautionary measures were taken to detect and eliminate defective material. There was a final inspection in the packing department to make sure that only the best quality of merchandise reached the customers.

The organization of the New Process Rubber Company was a combination of staff and line. See Chart XXI on page 307.

Employment management in this concern had grown from a clerical function to an important staff activity. This rise in status is reflected in the changing terminology connected with organization. We may distinguish between four conceptions of employment management that are associated with different phases in the company's history.

1. *Employment Activity as a Decentralized Line Function.* Up to 1916, employment was exclusively a function of line authority. It was the foreman's duty to hire and fire and to assume all responsibility for such labor relations as placement, training, promotion, and layoff. Each department maintained its own employment records independ-

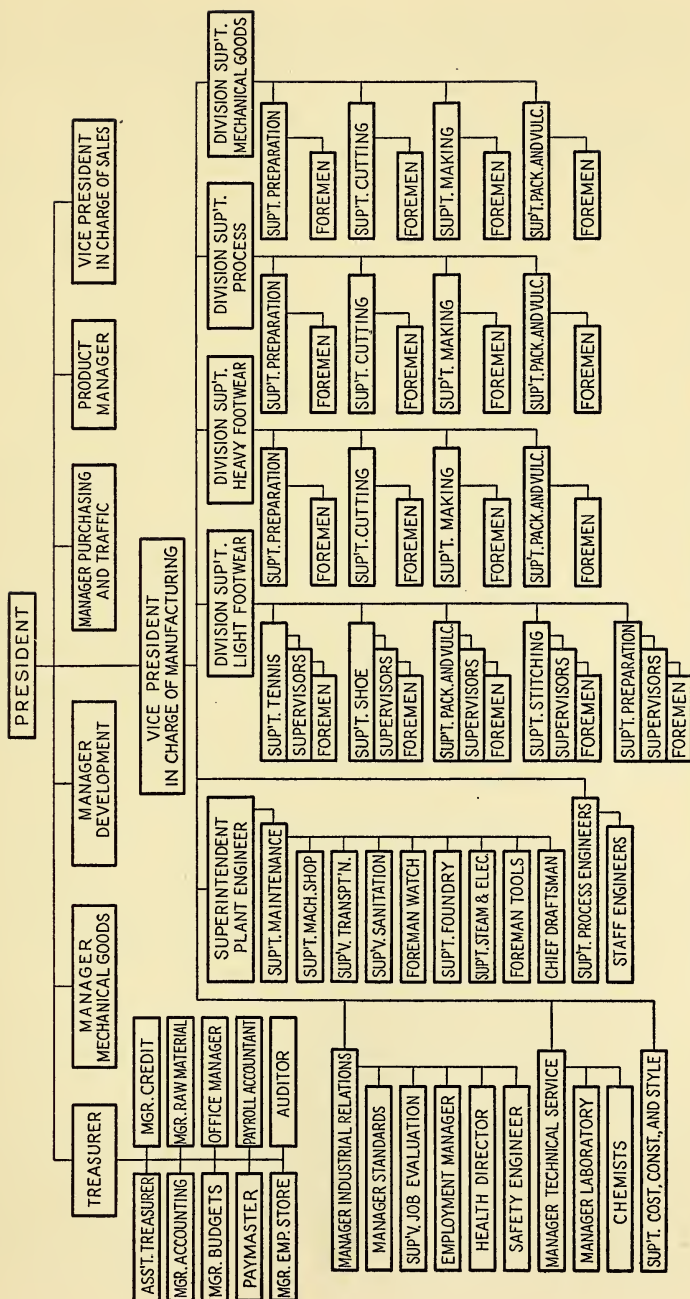


CHART XXI.—Organization chart, New Process Rubber Company, Inc.

ently of all other departments. Employees' records consisted of small cards that served as a desk file for the personal use of the foreman. The employment procedures were extremely simple. On the one hand there were jobs. On the other hand there were unemployed workers. The foreman went to the gate and from a chance aggregate of applicants filled his requirements. Labor turnover was high.

2. *The Centralized Employment Office.* In 1916 an employment manager was put in charge of the newly created employment office. His duties were to coordinate the hiring procedures and maintain employment records on a plant basis. At this time, not only supervisors, but also the employment manager (despite individual intuitive insight), looked upon workmen as an undifferentiated labor supply. Workmen, as interchangeable units, were lumped together as "hands," the "help," etc. Little effort was made to determine personal qualifications. As a matter of fact, for quite a few years, foremen continued to insist on selecting their own employees. The employment manager and his assistants merely kept a record of these hit-or-miss transactions.

A study made by Professor R. W. Kelly¹ in 1916 throws some light on the employment practices of that time. Questionnaires sent out by Professor Kelly, were answered by 30 concerns, of which the New Process Rubber Company was one. Only a few of the firms reporting had had their employment offices in operation for more than five years.

The first step in setting up an employment office was the development of various forms for requisitioning help, for application blanks, and for termination cards showing the man's ability and reasons for leaving. The next step was the maintenance of individual efficiency records and daily reports of all men hired and fired from which to compile labor turnover statistics. Finally, more elaborate data were accumulated, such as tables showing the average age of employees, number of married and single men and women, nationality distribution, number of citizens and aliens, sickness and accident reports, residence distribution, length of service, and employment data with reference to separate departments. Table XIV gives a composite of the essential information supplied by 30 firms. The respondents were classified in two groups: I (1-12) those concerns with a total of 8,225 employees, who had no separate employment office; II (13-30) the 18 concerns that had an employment office. The total number of employees in this group was 47,625.

3. *The Employment Service Department as a Nucleus of Personnel Management.* At the end of the world war, the term "employment manager" was still new in the commercial and industrial world. Only a few pioneers had begun to talk and write about the new profession of handling men. At this period the employment office was the nucleus of the rapidly developing personnel or industrial relations department. In an era of welfare activities, the employment manager supervised not only customary employment procedures but also various plans that had

¹ R. W. Kelly, "Hiring the Worker," The Engineering Magazine Company, New York, 1918.

been devised to bolster up the morale of the employees and to enlist their cooperation. Such plans included suggestion systems, relief association, first aid, and recreational and social activities.

TABLE XIV
EMPLOYMENT PROCEDURES OF THIRTY CONCERNS¹

	Group I		Group II	
	No.	Per Cent	No.	Per Cent
Number using application blank.....	3	25	14	77.7
Number claiming an adequate interview with authority above foreman.....	7	58.3	17	94.5
Number claiming to follow up references in a majority of the cases.....	1	8.3	12	66.6
Number giving physical examinations.....	0	0	7	38.8
Number depending largely on tryout in the shop to determine fitness for work.....	9	75	3	16.6
Number giving mental tests.....	0	0	3	16.6
Number claiming to have any definite plan of promotion.....	1	8.3	7	38.8
Number who make a point of informing employees of the opportunities for advancement.....	2	16.6	13	72.2
Number having a written analysis of the job.....	1	8.3	14	77.7
Number giving foremen or department head full power to discharge.....	5	41.6	7	38.8
Number providing for transfer and tryout in other departments.....	5	41.6	14	77.7
Number claiming to investigate all cases of discharge.....	4	33.3	18	83.3
Number claiming to investigate a majority of the cases of voluntary leaving.....	4	33.3	13	72.2

¹ (From R. W. Kelly, "Hiring the Worker," New York, 1918.)

4. *The Employment Department as a Subdivision of the Industrial Relations Department.* With the increasing complexity of labor relations, there appeared a division of functions and reorganization of the departments that were directly concerned with personnel activities. Employment management was recognized as a specialized service and as such became a subordinate part of the more comprehensive industrial relations department. In the New Process Rubber Company this change had definitely taken place by 1930, when a gradual accumulation of functions had led to the following staff organization (Chart XXII).

The organization chart shows that the employment manager was subordinate to the manager of industrial relations, who in turn, reported to the vice-president. The employment manager was in a coordinate relationship to the other members of the industrial relations manager's staff. He was the superior of his own departmental organization, which consisted of supervisors in charge of mens' and womens' employment and a secretarial as well as a clerical force. The assistants to the

employment manager were trained interviewers but were also responsible for such incidental duties as editing the company magazine and supervising loans to employees. The employment manager was left free to develop general policies pertaining to employment.

In 1934, management first attempted to make employment stability the foremost consideration in all employment transactions. To this end, transfers or promotions from among the employees of the company were given consideration prior to any hiring procedure. In 1936, 95 per cent of all interdepartmental transfers were made for production reasons; 4 per cent of such transfers were for the purpose of promotion; and 1 per cent were remedial or salvage transfers in which a mal-

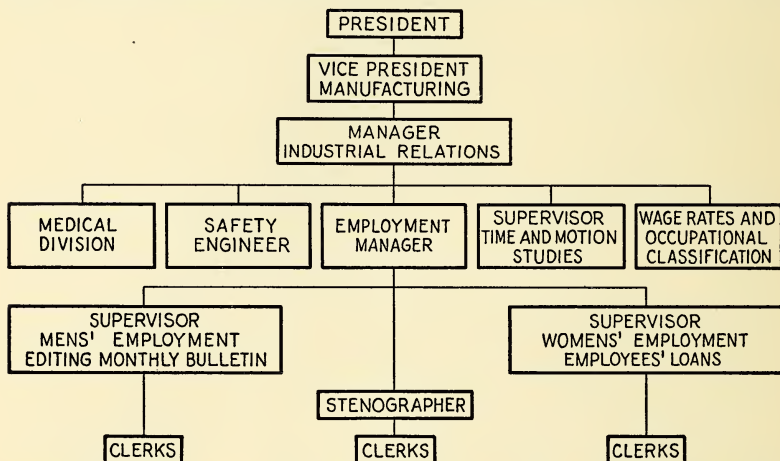


CHART XXII.—Organization of the industrial relations department at the New Process Rubber Company, Inc.

adjusted employee was shifted from one department to another for a fresh start.

Most of the occupations in the factory were classified as semi-skilled. Among men the highest skill was to be found in calendering and cutting; among women's jobs the highest skill was in stitching. The semiskilled jobs required from four to eight weeks training before an inexperienced employee could maintain standard quality of production.

Much of the work at the factory involved a sharp differentiation between men and women. The following departments employed *men only*:

- Raw material.
- Mixing.
- Washing and drying.
- Calendering.
- Cementing.
- Vulcanizing.
- Scrap and waste.

Laboratory mill.

Asphalt products.

Internal transportation.

External transportation.

Other departments such as the following, employed *predominantly men*:

Cutting.

Packing of heavy boots.

Shipping.

Odd stock.

Hard rubber and molds.

Heel.

Maintenance.

Printing.

Tiling.

There were no departments in which women only were employed, but in the following departments, *women were in the majority*:

Light footwear (Assembly on a last).

Canvas footwear (Assembly on a last).

Stitching (Preparatory Assembly—"Fitting up").

Packing.

Boot assembly.

Preparatory for winter footwear.

In general, handling heavy materials or heavy machinery, or work entailing exposure to heat or cold, or contact with smelly raw materials, was done by men. The types of work in which women predominated were the preparation of material for assembly, work on assembly conveyors, and work involving the operation of light machinery, such as trimming machines, perforating machines, and power stitching machines. Women also packed most of the lighter products and served as inspectors in the packing department.

The wage scale of the company was maintained at a level that was above that paid in the community and compared favorably with the industry at large. The hourly rated employees worked on an incentive plan providing a guaranteed hourly minimum, which varied according to the requirements of the job. Time standards were established to measure individual output and represented the number of minutes allowed for each unit of work. The rate paid for any standard operation was called the base rate. Any fully trained employee could regularly do the work in less time than standard. A majority of employees saved at least one-third of the time. This meant that in every hour they exceeded their base rate by $33\frac{1}{3}$ per cent.

New employees assigned to work on standards and on which they were inexperienced, were classified as apprentices and placed on a training schedule. They started at a hiring (or beginner's) rate of pay, which was increased in accordance with a training schedule established for the job until the job base rate had been reached. Increases beyond the base rate were earned in direct proportion to production.

New employees on daywork jobs (not on standards) also had a training schedule starting with the hiring rate and providing for uniform increases up to the established daywork rate. The schedule was spread over the number of weeks established as being necessary to train the employee. Since daywork jobs offered no opportunity for incentive earnings, the daywork rate was higher than a corresponding base rate on standards.

Every employee assigned to work on standards was paid an allowance at his regular base rate for idle time that was caused by conditions not under his control such as no assignment, no stock, machine breakdown, etc. He was paid on the same basis for work done for which no standard had been established. Special rules had been devised by management to govern the allowance for time spent without working because of injuries, visits to the hospital for required physical examination, time spent on civic duties (jury service or national guard), or time spent with investigators and interviewers on affairs outside of regular work but in the interest of the company.

It was the responsibility of the standards department to establish and maintain accurate job standards and to supervise the operation of the incentive plan. The principal device used to gain these ends was motion and time study by means of which members of the standards department made every effort to establish correct working procedures. Used in this way, primarily for training purposes, motion and time study helped to eliminate unnecessary effort and unsafe methods. Each employee was enabled to acquire skill and attain full earning capacity as quickly as possible. The standards department could reexamine the standards of any department without authorization or request from a department head to determine if changes had taken place in conditions or operations which required new standards. Standards for the jobs on which operators were working were available to employees at all times. According to the differences in the nature of the work or the size of the department, some one of the following methods of distributing information as to job standards was used.

Coupon System. Standards were made available to the employees by means of a coupon attached to a specification ticket. A separate coupon was used for each operation performed. Each coupon had printed on it the number of pairs or units, the standard, and in some cases, the total points of work to be done, as well as the base rate of the job. The employee, upon completion of the total pairs called for by the production ticket, tore off the coupon and kept it to be turned in at the end of the day for pay-roll credit.

Specification Ticket System. This plan consisted of a printed form describing the type of footwear to be made and the number of pairs. The ticket also bore the operation name and its standard and was issued to the operator as a guide to the day's work. This ticket was also used for group operations on a conveyor unit.

Desk or Office File System. It was customary to catalogue standards in a loose-leaf binder. The information was then filed in the section foremen's office to which the workers had access.

Poster System. In small departments, where uniform manufacturing processes were carried on throughout the year, standards were posted in a section location where they could easily be referred to by employees.

Up to 1933 the New Process Rubber Company, Inc. operated as an open shop with union membership scattered among certain trades.

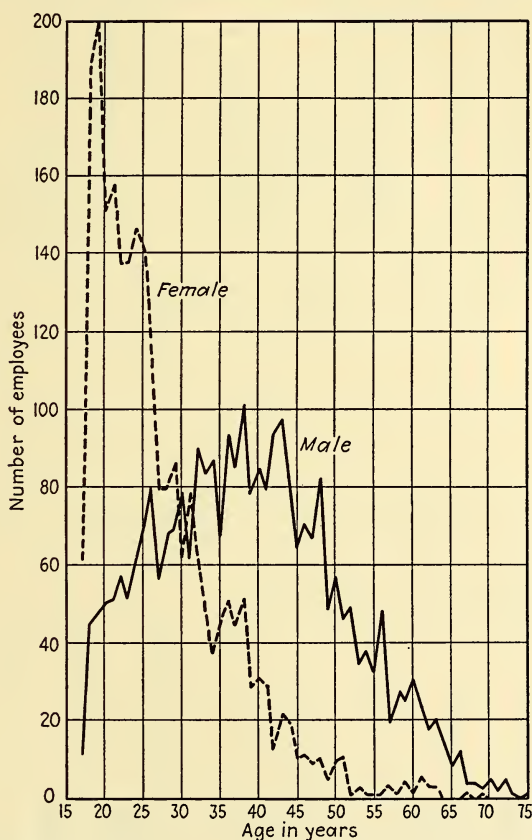


CHART XXIII.—Age distribution of male and female, employees of the New Process Rubber Company, Inc., January 1, 1937.

Since that time the employees have organized an independent union for the purpose of collective bargaining with management.

According to the report of the employment department (Jan. 1, 1938) 50.48 per cent of the employees in the plant were classified as Americans. The largest group of foreign born were the Italians (18 per cent). Other national groups represented were: Canadian (7 per cent), Irish (4 per cent), Polish (4 per cent), Lithuanian (3.2 per cent), and a sprinkling of 30 other nationalities.

Charts XXIII to XXVII give the age distribution of male and female employees for 1936 and 1937; the marital distribution of employees:

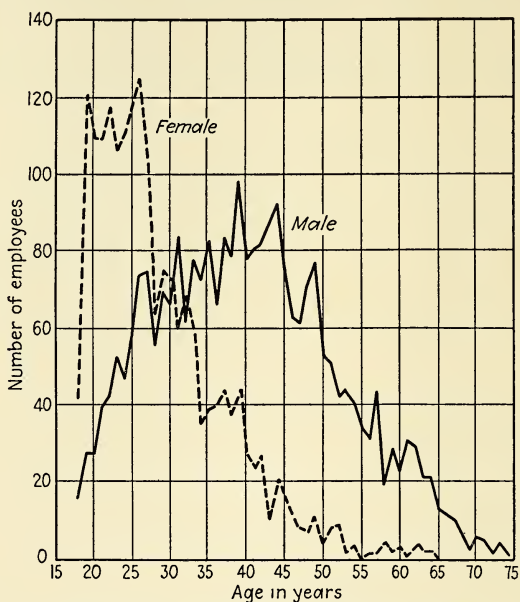


CHART XXIV.—Age distribution of male and female employees of the New Process Rubber Company, Inc., January 1, 1938.



CHART XXV.—New Process Rubber Company, Inc., marital distribution of employees, 1927-1931; 1934-1937.

1927-1931, 1934-1937; distribution according to length of service; and the residential distribution of employees.

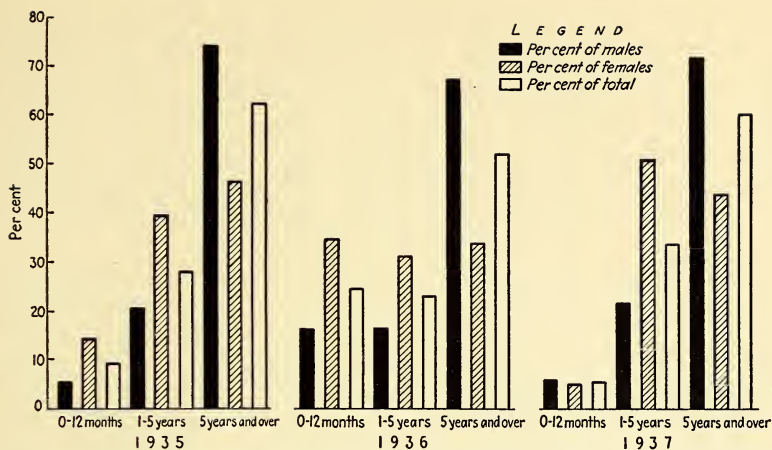
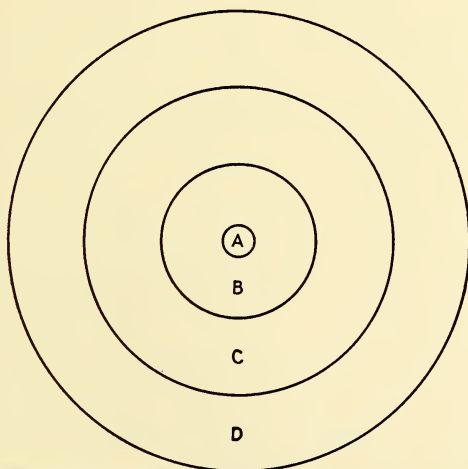


CHART XXVI.—New Process Rubber Company, Inc., distribution of employees according to length of service, 1935-1937.



Residence	1933, per cent of employees	1934, per cent of employees	1935, per cent of employees	1936, per cent of employees	1937, per cent of employees
Zone A, radius of 1 mile from factory.....	24.38	24.68	24.57	21.56	21.91
Zone B, radius of 5 miles from factory.....	43.51	44.01	45.75	44.50	40.30
Zone C, radius of 10 miles from factory.....	19.62	16.10	14.47	17.33	19.56
Zone D, radius of 15 miles from factory.....	12.49	15.21	15.21	16.61	18.23

CHART XXVII.—Residential distribution of employees of the New Process Rubber Company, Inc., 1933-1937.

APPENDIX B

GENERAL DESCRIPTION OF THE NATIONAL MANUFACTURING COMPANY, INC., PLANT NO. 10

The National Manufacturing Company, Inc., was a large-scale enterprise that was owned by about 43,000 stockholders, each holding, on an average, 62 shares. It employed nearly 60,000 men and women with an average age of 36 and an average service of $9\frac{1}{2}$ years. The headquarters division and the central sales department of this company were located in a large Middle Western city. Eleven subsidiary plants were scattered throughout the Atlantic states. The products of the National Manufacturing Company comprised a wide range of machinery and electrical appliances for both producers' and consumers' markets. These markets were world wide and highly competitive. In some lines, the National Manufacturing Company had to compete with over 150 manufacturers.

The plant referred to in the case material of this book (Plant 10) was located in a New England city with a population of 100,000 and a plentiful supply of skilled labor. It had been in the community for 30 years and was one of four large concerns in the city that employed approximately 4,000 men and women.

The general policies of the local plant were outlined by the headquarters division of the national organization, while its local policies were centralized in its own management. Company organization of the local plant was a combination of staff and line as shown in Chart XXVIII.

As indicated by the chart, the line organization was as follows: five divisional superintendents (each in charge of a specific line of products) reported directly to the works manager. To them reported departmental supervisors or general foremen. Each of these, in turn, was assisted by 10 or 20 foremen who had authority over the various production and assembly sections. Finally, group leaders were directly in charge of individual work units.

Operations at the local plant were carried on in modern steel and concrete buildings and were characterized by straight-line, continuous production. There were both overhead conveyor-assembly and bench-assembly lines as well as extensive provisions for inspection and quality control. All departments were provided with automatic machinery and the latest available safety devices. The manufacture of many parts involved precise machining and tolerances of 0.0002 to 0.0004 inches.

The products of the local plant were consumers' goods that depended on retail sales through the retail and jobbing organization that the

central sales department had established throughout the world. The nature of the business was such that production schedules were seasonal, and the product was subject to annual changes in design, resulting in high peaks of production activity and sharp recessions in its several divisions. Chart XXIX showing employment activity at the National Manufacturing Company, Inc., Plant No. 10, illustrates this trend. Other factors, however, such as business recessions, introduction of new

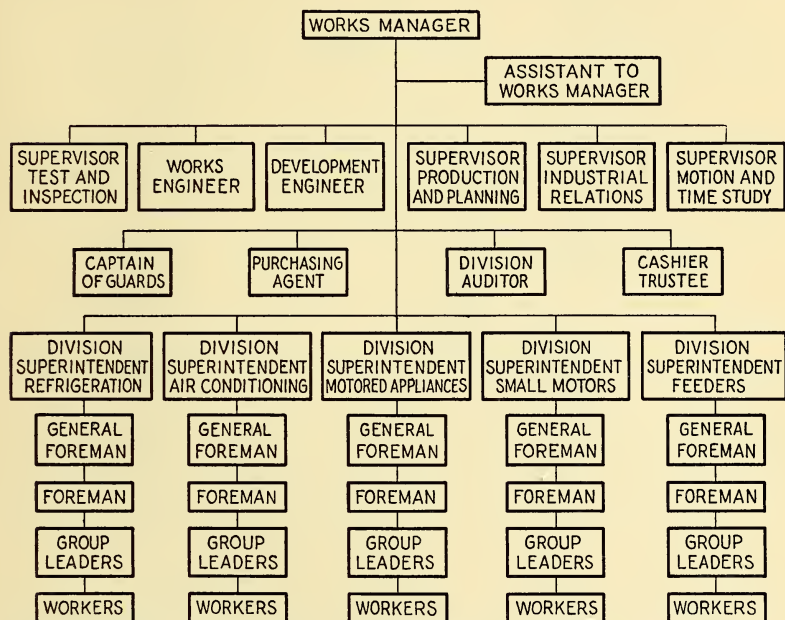


CHART XXVIII.—Plant organization of the National Manufacturing Company, Inc., Plant No. 10.

products, transfer of products to other plants, etc., must be taken into account.

Nearly 80 per cent of the employees of plant No. 10 were American born. Poles and French Canadians predominated among the male foreign born group; Italians among the women. Of the younger employees about 60% were the American born children of Polish, Italian, and French-Canadian parents. A few of the older unskilled and semi-skilled employees could neither read nor write English, but most of them had a grammar school education. Skilled workers, such as tool and die makers, die setters and repairmen, welders, electricians, carpenters and steam fitters, also had a high school or trade school education. 90 per cent of the younger group (unskilled, semi-skilled and skilled) were high school graduates or at least had several years of high school training.

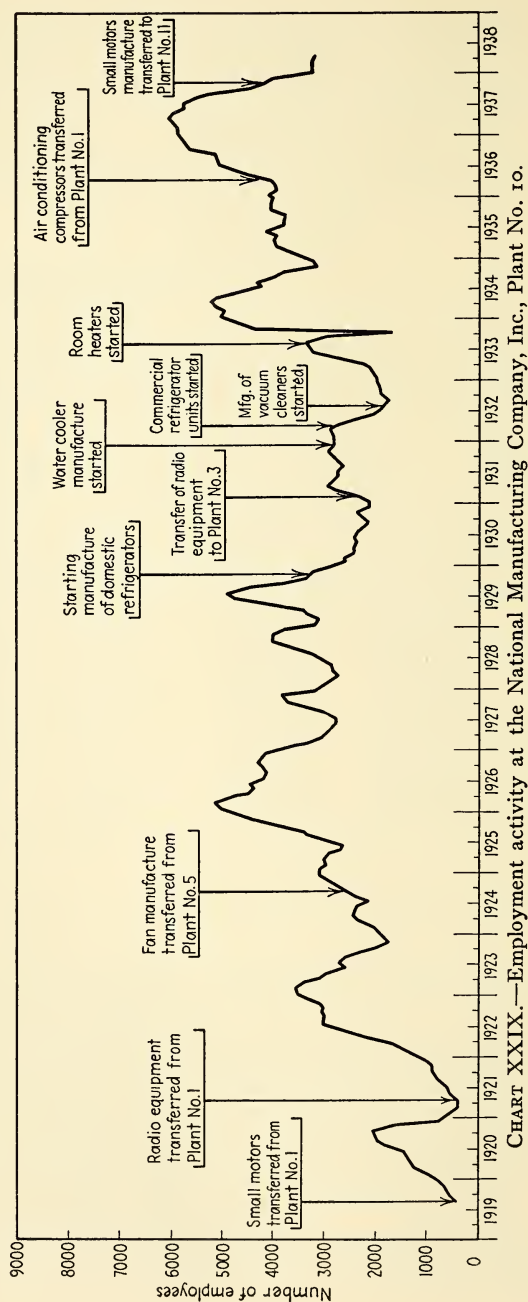


CHART XXIX.—Employment activity at the National Manufacturing Company, Inc., Plant No. 10.

Work was carried on in three shifts which were sub-divided in order to facilitate traffic to and from the plant. The following table shows the number of employees working on the different shifts on February 18, 1937.

Shift	Working Hours	Male	Female	Total	Lunch period
I-a	6:15 A.M.- 3:00 P.M.	1,472	424	1,896	10:15-11:00
I-b	6:15 A.M.- 2:00 P.M.	662	398	1,060	10:15-10:45
I-c	8:15 A.M.- 5:00 P.M.	286	48	334	12:30- 1:15
I-d	7:00 A.M.- 3:00 P.M.	13	1	14	10:15-10:45
		2,433	871	3,304	
II-a	3:00 P.M.-11:30 P.M.	472	.....	472	6:00- 6:30
II-b	2:00 P.M.-10:00 P.M.	338	33	371	6:00- 6:30
II-c	2:00 P.M.-10:00 P.M.	288	201	489	6:00- 6:45
II-d	3:00 P.M.- 9:00 P.M.	13	.....	13	6:00- 6:45
II-e	3:00 P.M.-11:00 P.M.	4	.....	4	6:00- 6:45
		1,115	234	1,349	
III-a	2:00 P.M.- 2:15 A.M.	495	.....	495	2:00- 2:15
III-b	11:00 P.M.- 7:00 A.M.	7	.....	7	
		502		502	
	<i>Grand Totals.....</i>	4,050	1,105	5,155	

Most employees preferred to work on the first shift and transfer from the second or third shift was considered as a promotion. Transfer in the reverse direction was regarded as a demotion. It was expected that beginners should start to work on the second or third shift. The reasons given for these attitudes were as follows:

- Work on the first shift (especially shifts I-a, I-b, and I-d) left the afternoon free for leisure-time activity.
- The first shift represented *the* working shift of the plant and carried on maximum production.
- Workers on the first shift came in frequent contact with higher supervision, while workers on the other shifts had few such opportunities.
- Opportunities for promotion occurred mostly on the first shift.
- During periods of layoff, the second and third shifts were often abolished.
- Most highly skilled and long-service employees worked on the first shift.

There was no extra compensation for working on the night shifts. All operators were on group piecework. They received guaranteed base rates plus incentive earnings, which were determined by the productivity of each group. Base rates were established by a schedule that set up a wage scale for all occupations in the plant and governed the range of pay by occupations in each division. The graph on p. 320 indicates the basic wage scale and shows the percentage of workers in each major occupational grouping.

Separating the men and women who were employed in the factory and classifying them according to differences in skill, we get the picture shown on p. 321.

SOCIAL PROBLEMS IN LABOR RELATIONS

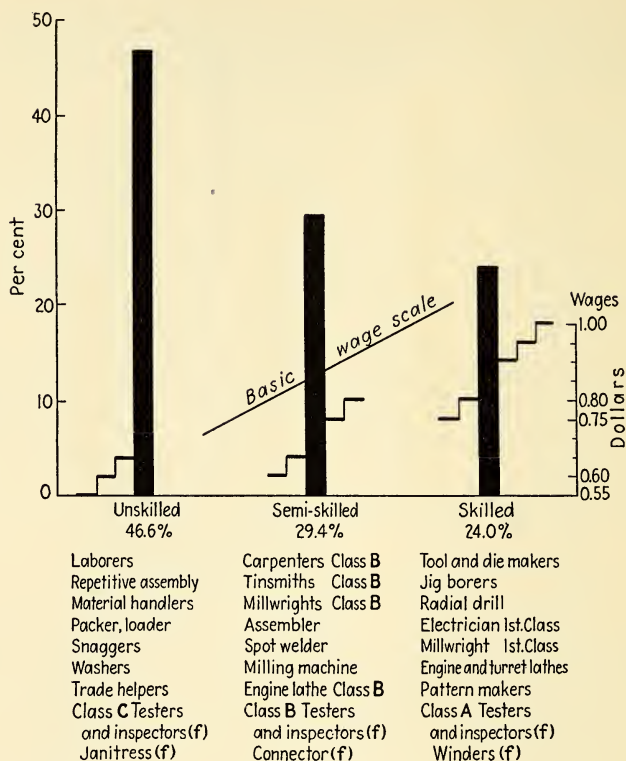


CHART XXX.—National Manufacturing Company, Inc., Plant No. 10; distribution of *all* factory employees (male and female) according to differences in skill. Population data, June, 1937. Total number of employees, 5,123.

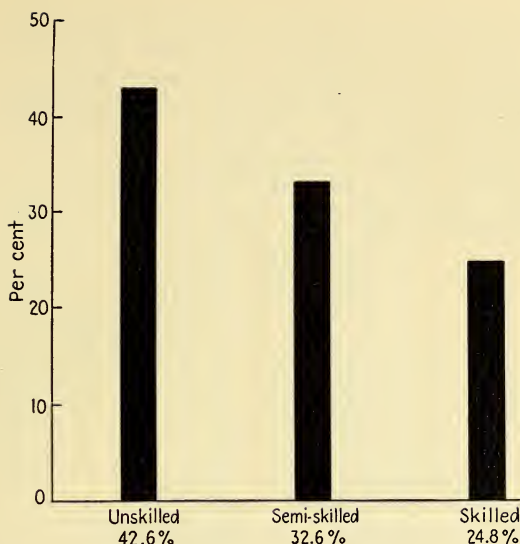


CHART XXXI.—National Manufacturing Company, Inc., Plant No. 10; distribution of *male* factory employees according to differences in skill. Population data, June, 1937. Total number of employees (M), 4,038.

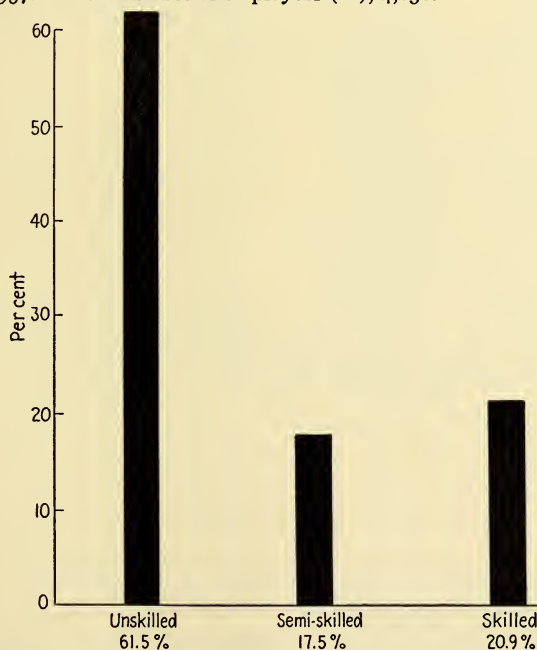


CHART XXXII.—National Manufacturing Company, Inc., Plant No. 10; distribution of *female* factory employees according to differences in skill. Population data, June, 1937. Total number of employees (F), 1,085.

The high percentage of skilled women is somewhat unusual and refers to the presence of a group of 180 skilled winders.

The function of the industrial relations department was (1) to guide management in the formation and interpretation of policy as related to labor relations; and (2) to assist in the application of company policy after it had been established.

The following chart shows the organization of the Industrial Relations Department and the subdivision of its various activities.

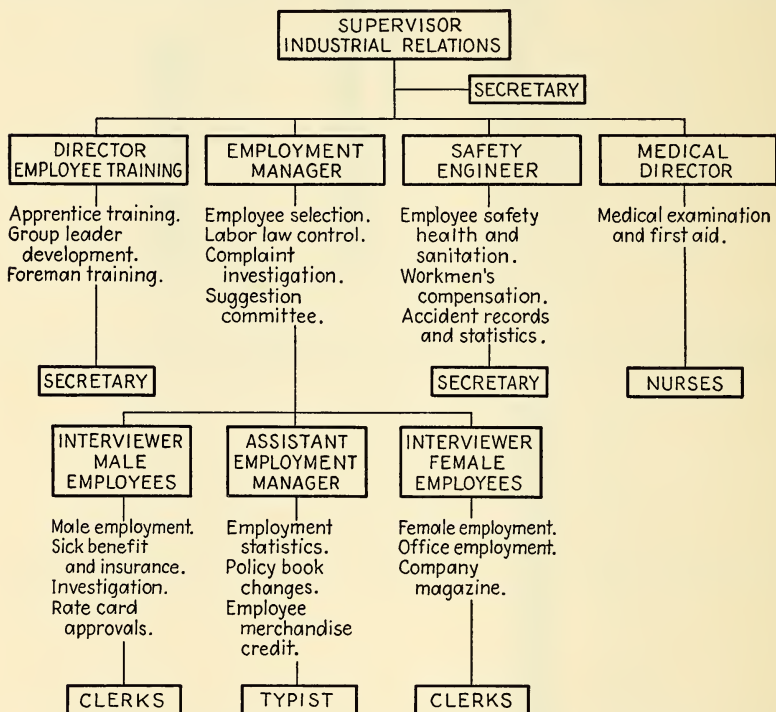


CHART XXXIII.—Organization of the industrial relations department of the National Manufacturing Company, Inc., Plant No. 10.

INDEX

A

Accident hazard in punch press department	211
Accidents, prevention of	211-219
Advertising as source of labor supply	19
Age distribution of employees at the New Process Rubber Company, Inc.	313-314
Applicants for work, ratio of applications and number of individuals hired	20
rejection of, elimination of the obviously unfit and doubtful cases	19
types of	18-19
Apprentice system of training	133
Attendance records	106, 171-182

B

"Boys' " jobs	94
Budget as element in cost control	13

C

College men, employment of	37-39
Company houses	73
Compensation for accidents	237-252
Continuous service allowance	153-154
Cost control	12-13
Cumulative service	154-155

D

Defective workmanship, campaign against	253-268
Demoted foreman, difficulties of	293-297
Demoted group leader, difficulties of	285-288
Demotion, transfers of	57, 58, 65-67, 125-127
Depression, effect on training program	139
Discharge	121-131
arbitrary	13, 121-122
changing trends in foremen's attitude toward	121-124
foreman's power of	121, 254
statistical analysis of causes of	122-124
Discrimination, complaints of	38, 44, 117-120, 154, 280
Distribution of work	70, 187

E

Education of employees at the National Manufacturing Company, Inc., Plant No. 10	317
Employee activity at the National Manufacturing Company, Inc., Plant No. 10	318
Employee rating	99-107
conflict with employment stabilization	88
differences in procedure of	99-101
difficulty of interpreting factors in	102
sheet	106
sheet, access to	105
Employee reaction toward penalties for defective work	256
Employee recreation	31-32
Employee Representation Plan	183, 255

Employment, advertising as a means for securing applicants	19
application file	21
of college men	37-39
interview	18-21
introduction card system of	18-19
final interview	20-21
of married women	41-44, 51-53, 202
of relatives	45-48, 69-71, 74
sample letters of applicants for	21-26
Employment department at the New Process Rubber Company, Inc., organization of	309-310
Employment management at the New Process Rubber Company, Inc.	306-309
Employment requisition, form used at the New Process Rubber Company, Inc.	27
Employment stabilization	59, 77-88
conflict with rating system	88

F

Factory work, differentiation between male and female	310-311
Family as a factor in rehiring	51-56
Favoritism under piecework	187
Finance companies, 3 per cent per month	195-196, 202
First aid department	241-242
Flow of work, interruptions in	85
Foreman, having power of discharge	121, 254
as leader	14-15, 299-303
new type of	89
old type of	27-29, 89
as representative of management	188
worker, teacher-pupil relationship, differences between	135
Foremen, and arbitrary discharge	13, 121-122
and management systems	7-8, 101-102
Foremen training	7-8, 12, 146-150
Foremen's attitude, toward general inspirational courses	146
toward hypothetical case material	147
toward suggestion system	233
toward transfer of employees	82-84

G

Group discussions in foremen training	8, 148-150
Group leader, difficulties of a demoted	285-288
not a representative of management	188-189
Group-leader plan	187-190

H

Hidden pensions	205-209
Hours of work	43-44

I

Incompetence as a cause of discharge	122-124
Industrial Accident Board	245-246
Industrial relations department, at the National Manufacturing Company, Inc., organization of	322
at the New Process Rubber Company, Inc., organization of	310

- Industrial safety 211-219
 Installment purchases by employees 74-75, 202
 Interviewing applicants for work 18-19
- J
- Job proprietorship, sense of 80-81
 Job security endangered by transfer 93-97
 Job standards 312
- L
- Labor supply, sources of 18-21
 Labor turnover at the New Process Rubber Company, Inc. 77-78, 85
 "Lame-back" case 241-252
 Layoff, cases involving
 Case 8 51-53
 Case 9 55-56
 Case 11 65-67
 Case 13 73-75
 Case 14 77-88
 Case 15 89-91
 Case 16 93-97
 Case 17 99-107
 Case 18 109-111
 Case 19 113-115
 Case 20 117-120
 Case 25 153-156
 Case 33 205-209
 Case 41 269-276
 Case 42 277-284
 Case 44 289-292
 Case 46 299-303
 effect on service record 152
 and employee status 93-97
 notice of 105
 order of 104-105
 preliminary steps in 93
 procedure of 99-107
 Length of service, as a criterion in rehiring 49
 distribution of employees at the New Process Rubber Company, Inc. according to 315
 diversity of practice in calculating 151-152
 New Process Rubber Company, method of computing 153-156
 Line supervisors, social differentiation of 11-12
 Loans to employees 195-204
- M
- Maladjusted employees 65-67, 73-75, 135, 138
 rehabilitation of 237-240
 Manufacturing processes at the New Process Rubber Company, Inc. 306
 Marginal employees, definition of 104n.
 Marital distribution of employees at the New Process Rubber Company, Inc. 314
 Married women in industry 41-44, 51-53, 202
 Misconduct, as a cause of discharge 122-124
 regulations governing 103
 Morale 189, 293
 Motion study as an aid to employee training 136
- N
- National Industrial Recovery Act 41, 153
 Nationality of employees at the National Manufacturing Company, Inc., Plant No. 10 253, 317
 at the New Process Rubber Company, Inc. 313
 Need for employment as a criterion in hiring 34
 in rehiring 49, 51-53, 55
- O
- Office versus shop workers 11-12, 109-111, 289-292
 Older workers 205-209, 283
 Organization charts 254, 307, 310, 317, 322
- P
- Pay guarantees 84
 Penalties for defective work 256
 Pensions 205-209
 Personal preoccupations of employees 277-284, 285-288, 289-292, 293-297, 301
 Politics and business 33-35
 Positive Safety Guard 211-219
 Preferential treatment, long service employee's request for 45-48, 289-292
 Production transfers 59, 77-97
 Promotion, group leader's position as stepping stone to 188
 guided by employee rating 104-105
 informal differences in social status as a basis of 58
 of office boys 65
 transfers 57, 61-63, 319
 Promotional jobs 37-39, 138-143, 188
 Public employment bureau as source of labor supply 19
- Q
- Quality standards, foremen's different interpretations of 102
- R
- Rating sheet, for attendants, old form 142
 new form 145
 as a means of doing follow-up work with employees 99-100
 procedure 99-100
 Rehiring, continuous service allowances in 153-156
 criteria used in 49
 Relatives, employment of 28, 45-48, 69-71, 74
 Remedial transfers 58, 69-71, 73-75
 Residence as a criterion, in hiring 33
 in rehiring 49-50, 52
 Residential distribution of employees at the New Process Rubber Company, Inc. 315
 Routine records as an objective basis for rating employees 107
- S
- Safety patrol 211
 Seasonal unemployment 73-75, 77-78, 109
 Security of employment 84
 Seniority 113-115, 117-120, 289-292
 Shift preference 43-44, 280, 289-292, 319
 Shifts, distribution of workers on the different 319
 Shop versus office workers 11-12, 109-111, 289-292
 Sickness absences, salary allowance during 171-182
 Sit-down strike, threat of 224
 Skill, differentiation of employees at the National Manufacturing Company, Inc. according to differences in 320-321
 Social differentiation, of line supervisors 11-12
 of staff officers 11-12
 Social Security Legislation 206-209
 Social status, informal differences in 58
 Stabilization of employment 59, 77-88
 State Unemployment Compensation Act 205

Striker and nonstriker, relationship between 129-131
 Style problem in rubber industry 79, 135, 205, 305
 Suggestions from employees 227-233, 278-280
 Surty Manufacturing Company, Inc. 213, 215, 217

T

Teaching schedules and instruction costs 137
 Technical organization of industry 9-10
 see also Organization charts
 Termination payments 206
 Time study, problems of 271, 274
 Training, apprentice system of 133
 difficulties under piece work 187
 for foremen 7-8, 12, 146-150
 potential supervisors 138-146
 teaching on the job by staff men 136-138
 for versatility 78-84
 vestibule era 134-136
 Transfer, as danger to job security 93-97
 of demotion 57, 58, 65-67, 125-127
 of employees 58-97, 299-303, 310
 a function of management 58-59
 of promotion 57, 61-63, 319
 of production 59, 77-97
 remedial 58, 69-71, 73-75

U

Unemployment, seasonal 73-75, 77-78, 109
 Unemployment insurance 206-209
 Union attitude toward Positive Safety Device 216-218

Union cooperation, in bringing back work that had been sent outside 269-276
 in campaign against waste 253-268
 in reducing excessive factory costs 275-276
 United Electrical and Radio Workers of America 183
 Unreliability as a cause of discharge 122-124

V

Vacation policy at the National Manufacturing Company, Inc. 235-236
 Versatility, training for 78-84
 Vestibule school training, difficulties with 134-135
 Veteran employees, organization for 235-236

W

Wage administration at the New Process Rubber Company, Inc. 163-190, 311-312
 Wage attachments, policy of handling 191-194
 as a cause of discharge 191
 individual cases of 73-74, 114-115
 Wage scale at the National Manufacturing Company, Inc., Plant No. 10 320
 Wages, differentials in 163-169, 183-186, 320
 rate structure among electricians 169
 Walsh-Healey Act 20
 Waste, campaign against 253-268
 Welfare department and employment 51-52
 Women, hours of employment for 41
 married, in industry 41-44, 51-53, 202
 objections to work on the afternoon shift 43-44
 Working conditions 221-226

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